



# شركة أبوقير للأسمدة

## والصناعات الكيماوية

000539

الإسكندرية في: ٢٠٢١/٠٣/٠٨

السيد الأستاذ / نائب رئيس قطاع الشركات المقيدة

البورصة المصرية

١٠٨ شارع طلعت حرب

صندوق بريد ٨٧٣ - رقم بريدي ٢١١١١ - الإسكندرية

فاكس رقم ٢٠٣/٤٨٤٥٨٥٥

تحية طيبة وبعد ،،،

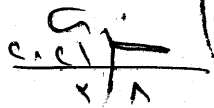
نتشرف بأن نرفق طيه ترجمة باللغة الإنجليزية لكل من القوائم المالية والإيضاحات المتممة لها عن الفترة المالية المنتهية في ٢٠٢٠/١٢/٣١ وكذا تقريرى الجهاز المركزى للمحاسبات و مراقب الحسابات ورد الشركة على تقرير الجهاز المركزى للمحاسبات.

مرسل برجاء العلم واتخاذ اللازم .

وتفضلوا بقبول فائق الاحترام "

رئيس القطاعات المالية

ومستول الإتصال



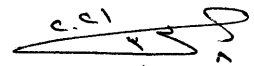
محاسب / خالد مصطفى سكر



مدير عام علاقات

المستثمرين والإعلام

ومستول علاقات المستثمرين



محاسبة / نرفانا صباح عربى

الشركة حاصلة على شهادات أيزو ٩٠٠١ - أيزو ١٤٠٠١ - أيزو ١٨٠٠١ - أيزو ١٧٠٢٥



مكتب الإسكندرية : ٩٥ طريق ٢٦ يوليو - برج السلسلة  
تليفون : ٣/٤٨٧٩٩١١ - ٣/٤٨٤٧٢٢٩

تليفون : ٣/٥٦٠٣٠٥٣ ( سبع خطوط )  
فاكس الإدارة : ٣/٥٦٠٣٠٣٢  
فاكس المشتريات : ٣/٥٦٠٣٠٥٣

الإدارة والمصانع :  
الطابية خط رشيد - إسكندرية

**ABU QIR FERTILIZERS**  
**AND CHEMICAL INDUSTRIES CO.**  
**(S.A.E.)**

**INTERIM FINANCIAL STATEMENTS TOGETHER**  
**WITH REVIEW REPORT**  
**FOR THE SIX-MONTHS PERIOD**  
**ENDED DECEMBER 31, 2020**



# mazars

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**To the Chairman of / Abu Qir Fertilizers and  
Chemical Industries Company (S.A.E)**

We have performed the procedures agreed with the company to translate the financial statements of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)**, for the Six-months period ended December 31, 2020 which includes auditors' reports on review of interim financial statements - MAZARS Mostafa Shawki and Accountability State Authority – with the response of company's management to those reports in English. These auditors' reports on review comprise our qualified review report and Accountability State Authority's qualified review report, both reports were issued on these financial statements and originally issued in Arabic dated February 10, 2021.

We have fulfilled our mission in accordance with the Egyptian Standard on Related Services no. 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information".

The attached translated financial statements with auditors' review reports of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)** for the Six-months period ended December 31, 2020 are in conformity with company's financial statements originally issued in Arabic.

Auditor  
MUSTAFA SHAWKI  
MAZARS  
Dr. Ahmed Shawki  
MAZARS Mostafa Shawki  
Accountants & Auditors  
March 3, 2021

**Abu Qir Fertilizers**  
**And Chemical Industries Co.**  
**(S.A.E.)**

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**Accountability State Authority  
Petrochemical Industries Department**

**Report on review of interim financial statements**

**To the Chairman and the Board of Directors of  
Abu Qir Fertilizers and Chemical Industries Company (S.A.E)**

**Introduction:**

We have reviewed the accompanying financial statements of **Abu Qir Fertilizers And Chemical Industries Company (S.A.E)** subject to law No. 159 of 1981 and its executive regulation for the six-months period ended December 31, 2020 which comprise the statement of financial position with total assets amounted to EGP 8.619 billion, standalone statement of income with net profit (after tax) of EGP 1.491 billion, and statements of comprehensive income, changes in shareholders' equity and cash flows for the six-months period then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standards, our responsibility is to make conclusion on financial statements based on our review.

**Scope of review:**

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410) "Review of interim financial statements performed by the independent auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

**Basis of qualified conclusion:**

- Still, our note about the non-completion of registration of some company's lands with area of 2 shares and 4 acres (of which 15 shares, 21 carats, and 1 acre) outside its fence.

We repeat the recommendation that the company must register the rest of lands.

- Non-conformity of custom authority balance in company's books as at December 31, 2020 with the certificate received from them with a difference of EGP 9.14 million, of which EGP 621 thousand related to the period from July 2017 till April 2019. In addition, the outstanding balance of custom secretariats (debit) as at December 31, 2020, is amounted to EGP 3.08 million of which EGP 353 thousand is pending until submitting the Euro 1 certificate and outstanding of re-exporting fees since 2015.

The company should study these outstanding balances and make appropriate adjustments accordingly.

- Other debit balances include outstanding balance amounted to EGP 14.4 million which represents suppliers - debit balances outstanding since 2019 (rejected spare parts), and an amount of EGP one million represents creditors - custom clearance (debit) which is outstanding since 2016 without guarantees to collect that indebtedness.

Necessary procedures should be taken to preserve company's rights.

*Translation of Accountability State Authority's review report  
originally issued in Arabic*

**Qualified conclusion:**

Based on our review, except for the matters stated in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial statements don't present fairly, in all material respects the financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at December 31, 2020, and of its financial performance and its cash flows for the six-months period then ended in accordance with Egyptian Accounting Standards.

**Alexandria**, On February 10, 2021.

**General Manager**  
**Deputy Director of the Department**

Acc./ Ehab Fawzi Ahmed Soliman

**Undersecretary of the Ministry**  
**Senior Deputy Director of Department**

Acc./ Amr Hassan Nafea

**Undersecretary of the Ministry**  
**Step - Director of the Department**

Acc./ Hani Raphael surreal

**Represented by/**

Acc./ Amr Hassan Nafea



**Abu Qir Fertilizers  
And Chemical Industries Co. (S.A.E)  
Financial sectors**

*Translation of response on the notes stated  
in the report of the Accountability State Authority  
Originally issued in Arabic*

**Response on the notes stated in the audit report of the Accountability State Authority  
On company's financial statements on December 31, 2020**

**Firstly: Notes considered as a qualification by Accountability State Authority:**

- 1. Still, our note about the non-completion of registration of some company's lands with area of 2 shares and 4 acres (of which 15 shares, 21 carats, and 1 acre) outside its fence.**

**We repeat the recommendation that the company must register the rest of lands.**

**Response:**

- The registration procedures are in process as two requests No. (1075/1000) and (1071/1001) have been submitted to the Real Estate Publicity Department. And the land of request No. (1071/1001) which is inside the company's fence is currently inspected by Administration of Survey and finishing the rest of registration procedures.
- 2. Non-conformity of custom authority balance in company's books as at December 31, 2020 with the certificate received from them with a difference of EGP 9.14 million, of which EGP 621 thousand related to the period from July 2017 till April 2019. In addition, the outstanding balance of custom secretariats (debit) as at December 31, 2020, is amounted to EGP 3.08 million of which EGP 353 thousand is pending until submitting the Euro 1 certificate and outstanding of re-exporting fees since 2015.**

**The company should study these outstanding balances and make appropriate adjustments accordingly.**

**Response:**

- Customs Authority's account is increased by installments paid by the company and is being settled successively by the exchange documents after technical and financial review and after clearance of the company's notes related to them in order to preserve the company's rights.

Concerning customs balance (secretariats), these balances are being discussed with the Customs Authority to complete the documents and make the necessary settlements.

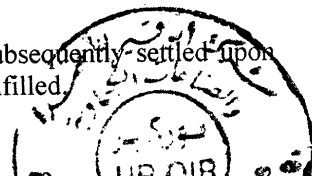
- 3. Other debit balances include outstanding balance amounted to EGP 14.4 million which represents suppliers - debit balances outstanding since 2019 (rejected spare parts), and an amount of EGP one million represents creditors - custom clearance (debit) which is outstanding since 2016 without guarantees to collect that indebtedness.**

**Necessary procedures should be taken to preserve company's rights.**

**Response:**

- Concerning suppliers' debts, this debt is related to the supplier "Man Energy" (Purchase Order No. 271/2016/2017) amounted to Euro 800 thousand which equivalent to EGP 14.4 million which represents rejected spare parts returned to the supplier on June 14, 2020, in the light of Board of Director's decision (No. 27 dated on March 22, 2020) concerning an agreement to reshipe the items No. (16 and 17) to the supplier according to the recommendation of the permanent higher committee for studying and resolving the obstacles and problems with others. The exchanging of reports is in progress with the ordering party relating to the size of items No. (16 and 17) to start reshipment of the items after repair. And we are currently waiting for the supplier's report relating to item No. 19 for receiving the replacement. We emphasize that rejected goods and deficits are normal in dealing with overseas suppliers and these balances are subsequently settled after the replacements are received.

Concerning creditors - customs clearance account, these accounts are subsequently settled upon receiving documents and being reviewed and all observations have been fulfilled.



**Translation of auditor's review report  
originally issued in Arabic**

**Report on review of interim financial statements**

**To the Chairman and the Board of Directors of  
Abu Qir Fertilizers and Chemical Industries Company (S.A.E)**

**Introduction:**

We have reviewed the accompanying financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at December 31, 2020 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standard no (30) relevant "interim financial statements" and in light of prevailing Egyptian governing laws. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of review:**

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410) "Review of interim financial statements performed by the independent auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects the financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at December 31, 2020, and of its financial performance and its cash flows for the six-months period then ended in accordance with Egyptian Accounting Standards no (30) and in light of prevailing Egyptian governing laws.

**Auditor**

**Dr. Ahmed Shawki  
MAZARS Mostafa Shawki**

February 10, 2021.





Translation of statement of financial position  
Originally issued in Arabic

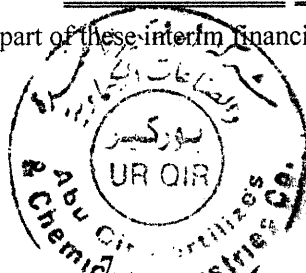
**Abu Qir Fertilizers**  
**And Chemical Industries Co.**  
**(S.A.E.)**

**Statement of financial position as**  
**at December 31, 2020**  
**(Amounts expressed in Egyptian Pound)**

	Note no.	December 31, 2020	December 31, 2019	June 30, 2020
		EGP	EGP	EGP
<b><u>Assets:</u></b>				
<b><u>Non-current asset:</u></b>				
Fixed assets (net)	(3/2, 3/11/1), (4)	1,049,552,574	736,429,829	1,102,832,505
Projects under construction	(3/3), (5)	272,037,575	470,818,259	231,574,924
Available for sale investments	(3/4/1), (6)	337,259,062	323,501,812	333,501,813
<b>Total non-current assets</b>		<b>1,658,849,211</b>	<b>1,530,749,900</b>	<b>1,667,909,242</b>
<b><u>Current assets:</u></b>				
Assets held for sale	(8)	1,494,471	4,272,503	2,160,650
Inventory	(3/6), (9)	1,301,630,911	1,178,315,559	1,276,052,732
Trade receivables and other debtors	(3/7), (10)	616,802,775	573,258,709	441,789,956
Held to maturity investments	(3/4/2), (7)	4,484,334,068	3,739,108,916	5,347,396,728
Cash on hand and at banks	(3/8), (11)	555,978,530	835,503,458	576,327,552
<b>Total current assets</b>		<b>6,960,240,755</b>	<b>6,330,459,145</b>	<b>7,643,727,618</b>
<b>Total assets</b>		<b>8,619,089,966</b>	<b>7,861,209,045</b>	<b>9,311,636,860</b>
<b><u>Shareholders' equity and liabilities:</u></b>				
<b><u>Shareholders' equity:</u></b>				
Paid up capital	(12/1)	1,892,813,580	1,892,813,580	1,892,813,580
Reserves	(3/14), (12/2)	540,439,612	404,665,044	404,665,045
Retained earnings	(12/3)	2,411,345,793	1,807,366,380	1,807,366,380
Net profit for the period/year	(3/19)	1,491,491,427	1,439,800,568	2,694,886,008
<b>Total shareholders' equity</b>		<b>6,336,090,412</b>	<b>5,544,645,572</b>	<b>6,799,731,013</b>
<b><u>Non-current liabilities:</u></b>				
Non-current loans	(3/5), (13)	--	3,867,988	45,506
Notes payable	(14)	20,044,747	37,225,747	28,635,247
Provisions	(15)	220,300,661	208,031,004	220,300,660
Deferred tax liabilities	(3/17/5), (16)	119,991,011	107,357,794	119,150,639
Grants for financing environmental projects	(3/13), (17/4/3)	52,645,241	53,747,584	54,014,819
<b>Total non-current liabilities</b>		<b>412,981,660</b>	<b>410,230,117</b>	<b>422,146,871</b>
<b><u>Current liabilities:</u></b>				
Provisions	(3/15), (15)	200,000	257,282	200,000
Trade payables and other creditors	(3/12), (17)	1,530,347,591	1,448,417,447	1,469,948,288
Loans installments	(3/5), (13)	3,791,090	43,314,831	25,605,299
Notes payable	(14)	17,181,000	17,181,000	17,181,000
Creditors - tax authority	(3/12), (17/6)	318,498,213	397,162,796	576,824,389
<b>Total current liabilities</b>		<b>1,870,017,894</b>	<b>1,906,333,356</b>	<b>2,089,758,976</b>
<b>Total liabilities</b>		<b>2,282,999,554</b>	<b>2,316,563,473</b>	<b>2,511,905,847</b>
<b>Total shareholders' equity and liabilities</b>		<b>8,619,089,966</b>	<b>7,861,209,045</b>	<b>9,311,636,860</b>

- The accompanying notes are an integral part of these interim financial statements.
- Review reports is attached.

Chairman and Managing Director  
Chemist: Saad Ibrahim Abu El-Maati



Head of Financial Sectors  
Khaled Mostafa Sokar



Translation of statement of income  
Originally issued in Arabic

**Abu Qir Fertilizers  
And Chemical Industries Co.  
(S.A.E.)**

**Statement of income  
For the three-months period ended December 31, 2020  
(Amounts expressed in Egyptian Pound)**

	Note no.	Six-months period from 1/7/2020 till 31/12/2020	Six-months period from 1/7/2019 till 31/12/2019	Three-months period from 1/10/2020 till 31/12/2020	Three-months period from 1/10/2019 till 31/12/2019
		EGP	EGP	EGP	EGP
Sales	(3/16/1, 19/1)	4,035,213,364	3,996,898,821	2,286,606,703	2,010,045,515
Cost of goods sold	(19/2)	(2,441,045,492)	(2,490,997,046)	(1,349,213,748)	(1,246,062,852)
<b>Gross profit</b>		<b>1,594,167,872</b>	<b>1,505,901,775</b>	<b>937,392,955</b>	<b>763,982,663</b>
Credit interests	(3/16/3, 19/3)	18,967,586	33,169,358	12,314,298	20,008,706
Revenues from held to maturity investments	(3/16/4, 19/4)	333,952,667	418,813,368	156,161,855	185,652,676
Other revenues	(19/5)	48,082,413	121,359,347	24,133,700	62,551,591
Gain on sale of fixed assets	(3/2/4, 19/5/4)	969,515	315,000	969,514	315,000
Foreign currency exchange differences	(3/1, 19/6)	1,767,926	(2,928,853)	4,878,400	63,933
Selling and distribution expenses	(3/17, 19/7)	(182,261,322)	(169,937,251)	(99,548,405)	(106,316,098)
Administrative and general expenses	(3/17, 19/8)	(65,721,660)	(75,203,611)	(30,554,021)	(45,764,671)
Board of director's expenses	(3/17)	(984,375)	(862,500)	(243,867)	(450,000)
Financing Expenses	(3/5, 19/9)	(1,041,280)	--	(455,120)	--
<b>Net profit for the period before tax</b>		<b>1,747,899,342</b>	<b>1,830,626,633</b>	<b>1,005,049,309</b>	<b>880,043,800</b>
Income tax	(3/17/5, 19/10)	(256,407,915)	(390,826,065)	(200,115,475)	(191,845,832)
<b>Net profit for the period</b>		<b>1,491,491,427</b>	<b>1,439,800,568</b>	<b>804,933,834</b>	<b>688,197,968</b>
<b>Earnings per share</b>	(3/18, 25)	<b>0,99</b>	<b>0,95</b>	<b>0,53</b>	<b>0,45</b>

- The accompanying notes are an integral part of these interim financial statements.

Chairman and Managing Director  
Chemist: Saad Ibrahim Abu El-Maati



Head of Financial Sectors  
Khaled Mostafa Sokar



Translation of statement of comprehensive income  
Originally issued in Arabic

**Abu Qir Fertilizers**  
**And Chemical Industries Co.**  
**(S.A.E.)**

**Statement of comprehensive income**  
**For the three-months period ended December 31, 2020**

(Amounts expressed in Egyptian Pound)

	Six-months period from 1/7/2020 till 31/12/2020	Six-months period from 1/7/2019 till 31/12/2019	Three-months period from 1/10/2020 till 31/12/2020	Three-months period from 1/10/2019 till 31/12/2019
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	1,491,491,427	1,439,800,568	804,933,834	688,197,968
Items related to other comprehensive income	--	--	--	--
<b>Total comprehensive income for the period</b>	<b><u>1,491,491,427</u></b>	<b><u>1,439,800,568</u></b>	<b><u>804,933,834</u></b>	<b><u>688,197,968</u></b>



\_\_\_\_\_  
Chairman and Managing Director  
Chemist: Saad Ibrahim Abu El-Maati

\_\_\_\_\_  
Head of Financial Sectors  
Khaled Mostafa Sokar



*Translation of statement of changes in Shareholders' equity  
Originally issued in Arabic*

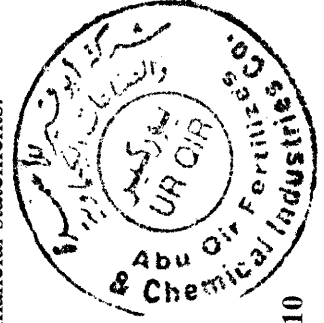
**Abu Qir Fertilizers  
And Chemical Industries Co.  
(S.A.E.)**

**Statement of changes in shareholders' equity  
For the six-months period ended December 31, 2020  
(Amounts expressed in Egyptian Pound)**

	Paid up capital	Legal reserve	Other reserves	Comprehensive income	Retained earnings	Total
	EGP	EGP	EGP	EGP	EGP	EGP
<b>December 31, 2019</b>						
Balance as at July 1, 2019	1,892,813,580	238,120,020	6,105,309	--	4,121,386,977	6,258,425,886
Net profit for period ended December 31, 2019	--	--	--	--	1,439,800,568	1,439,800,568
Cash dividends	--	--	--	--	(2,153,580,882)	(2,153,580,882)
Transferred to reserves	--	157,720,716	2,718,999	--	(160,439,715)	--
<b>Balance as at December 31, 2019</b>	<b>1,892,813,580</b>	<b>395,840,736</b>	<b>8,824,308</b>	<b>--</b>	<b>3,247,166,948</b>	<b>5,544,645,572</b>
<b>December 31, 2020</b>						
Balance as at July 1, 2020	1,892,813,580	395,840,736	8,824,308	--	4,502,252,388	6,799,731,012
Net profit for period ended December 31, 2020	--	--	--	--	1,491,491,427	1,491,491,427
Cash dividends	--	--	--	--	(1,955,132,027)	(1,955,132,027)
Transferred to reserves	--	134,690,076	1,084,492	--	(135,774,568)	--
<b>Balance as at December 31, 2020</b>	<b>1,892,813,580</b>	<b>530,530,812</b>	<b>9,908,800</b>	<b>--</b>	<b>3,902,837,220</b>	<b>6,336,090,412</b>

Note

- The accompanying notes are an integral part of these interim financial statements.



Chairman and Managing Director  
Chemist: Saad Ibrahim Abu El-Maati

Head of Financial Sectors  
Khaled Mostafa Sokar



Translation of statement of cash flows  
Originally issued in Arabic

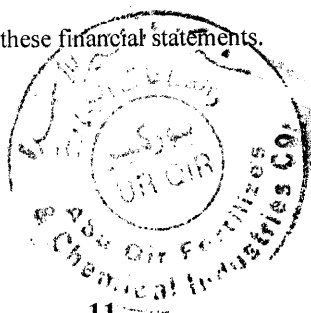
**Abu Qir Fertilizers  
And Chemical Industries Co.**  
(S.A.E.)

**Statement of cash flows**  
**For the six-months period ended December 31, 2020**  
(Amounts expressed in Egyptian Pound)

	Note	December 31, 2020	December 31, 2019
		EGP	EGP
<b>First: Cash flows from operating activities:</b>	(3/8), (3/9)		
Cash sales and proceeds from clients		4,206,939,323	4,098,154,292
Cash purchases and payments to vendors		(2,426,501,331)	(2,476,153,830)
Salaries and wages payments		(310,730,664)	(309,730,296)
Credit interests	(19/3), (19/4)	18,938,442	33,865,693
Tax and fees payments		(600,415,917)	(840,337,016)
Other proceeds		24,994,165	206,761,464
Other payments		(209,328,745)	(141,154,059)
<b>Net cash flows provided from operating activities no. (1)</b>		<b>703,895,273</b>	<b>571,406,248</b>
<b>Second: Cash flows from investing activities:</b>			
Payments for acquisition of fixed assets (projects under construction)		(48,048,260)	(70,518,269)
Proceeds from investment in other companies		269,646	35,898,799
Payments for investment in other companies		(3,857,250)	--
Proceeds from sale of fixed assets		1,172,794	330,467
Payments for acquisition of held to maturity investments		(4,666,724,100)	(5,702,919,654)
Proceeds from held to maturity investments		5,450,108,870	6,932,312,728
Returns on held to maturity investments		328,332,904	448,969,818
Proceeds from returns on Suez Canal certificates		--	9,687,500
Proceeds from Suez Canal certificates		--	250,000,000
Expenses and commissions related to Zero Liquid Discharge Project		--	(2,788,816)
<b>Net cash flows provided from investing activities no. (2)</b>		<b>1,061,254,604</b>	<b>1,900,972,573</b>
<b>Third : Cash flows from financing activities:</b>			
Re-payment of loans and grants related to Zero Liquid Discharge Project		(21,735,453)	(22,511,867)
Cash Dividends payment through the period		(1,761,307,469)	(1,930,589,063)
<b>Net cash flows provided from financing activities no. (3)</b>		<b>(1,783,042,922)</b>	<b>(1,953,100,930)</b>
<b>Change in cash and cash equivalents (1) + (2) + (3)</b>		<b>(17,893,045)</b>	<b>519,277,891</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>576,327,552</b>	<b>328,751,839</b>
<b>Foreign currency exchange differences effect</b>	(19/6)	<b>(2,455,977)</b>	<b>(12,526,272)</b>
<b>Cash and cash equivalents, end of the period</b>	(11)	<b>555,978,530</b>	<b>835,503,458</b>

- The accompanying notes are an integral part of these financial statements.

Chairman and Managing Director  
Chemist: Saad Ibrahim Abu El-Maati



Head of Financial Sectors  
Khaled Mostafa Sokar



**Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)**

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**(1) The Company:**

**Company's name:**

Company's name is Abu Qir Fertilizers and Chemicals Industries Company S.A.E.

**Legal entity:**

Abu Qir Fertilizers and Chemicals Industries Company was incorporated according to Ministerial decision no.374 of 1976 under applicable laws (law no. 60 of 1971, law no. 111 of 1975, public sector law no. 97 of 1983 and then law no. 203 of 1991). The company was registered in commercial register under no. 87560 on July 20, 1976.

On August 1, 1996, the company was transferred to be under law no. 159 of 1981.

**Company's purpose:**

Manufacturing all types of fertilizers, chemicals and other related materials or derived from it or materials which are necessary for its manufacturing, packing, purchasing and selling for both domestic and global market and also pursuing the entire operations and activities which are related to mentioned purpose.

**Company's duration:**

The Company's duration was extended for 30 years starting from July 20, 2006, the date that the company has been reregistered in commercial register according to extraordinary general assembly meeting held on June 10, 2006.

**(2) Basis of accounting:**

**(2/1) Compliance with accounting standards and laws:**

Financial statements are prepared in accordance with the Egyptian Accounting Standards and in light of governing laws.

Board of directors approved the financial statements January 31, 2021.

**(2/2) Basis of measurement:**

The financial statements are presented using the historical cost convention, by assuming continuity assumption except for investments available for sale which is recorded by its fair value.

**(2/3) Functional and reporting currency:**

The financial statements are prepared in Egyptian pound which is the functional and reporting currency for major activities in the company.

**(2/4) Use of estimates and assumptions:**

The preparation of financial statements in conformity with Egyptian Accounting Standards requires use of estimates and assumptions that may affect valuation of assets, liabilities, revenues and expenses. Although, these estimates are made based on management's experience and best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and related assumptions are reviewed on a regular basis, and if changes in the estimate relating to the current period, it will be recognized therein, but if related to the annual year and future years, it will be recognized in both.





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**(3) Significant accounting policies:**

A summary of the significant accounting policies is as follows:

**(3/1) Translation of foreign currencies and exchange differences policy:**

The company's functional and reporting currency is the Egyptian Pound. Transactions denominated in foreign currencies are recorded using the exchange rates prevailing as at the transaction date. Monetary assets and liabilities denominated in currencies other than the Egyptian Pounds are translated using the exchange rates prevailing as at the financial statement date. Revaluation differences are charged to the income statement.

Exchange differences are included in the statement of income. Non-monetary assets and liabilities which were stated at historical cost (or fair value) are translated to Egyptian pounds using the rates prevailing at the date of transaction (or when determining the fair value).

**(3/2) Fixed assets:**

**(3/2/1) Reporting and valuation:**

Fixed assets are recorded at historical cost less accumulated depreciation and accumulated impairment losses (if there are any indications of impairment in their values). Fixed assets cost include all company's expenditures to acquire the asset until it reaches the company site and be ready for intended use, The cost of assets manufactured internally include cost of direct material, direct labor and its share from other overhead costs until it reaches its site and be ready for intended use in addition to the cost of asset removal at end of its useful life, Components which have difference useful lives are registered separately.

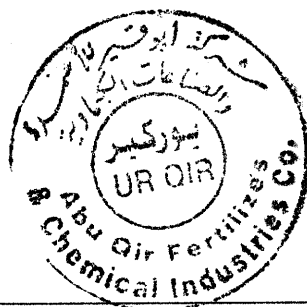
**(3/2/2) Subsequent cost after acquisition of assets:**

- Any subsequent costs such as replacement parts are capitalized to fixed asset as a separate items as their useful lives differ from the main asset, old replaced or renewed items are removed from accounting records, other repairs and maintenance expenses are charged to the statement of income.
- Major spare parts and backup equipment are capitalized to fixed assets only if these costs are determinable and derive future economic benefits more than one financial year.

**(3/2/3) Depreciation:**

Fixed assets are depreciated using straight-line method over their estimated useful lives for all assets except lands, Depreciation is charged to the statement of income and is calculated when the asset is rendered ready for its intended purpose according to the following approved rates:

<b><u>Assets</u></b>	<b><u>Dep. Rate</u></b>
Buildings, construction and facilities	2% - 6%
Buildings for liquid fertilizers	5%
Production equipment and machineries	5% - 11%
Production equipment and machineries – Abu Qir Plant (3)	5%
Production equipment and machineries for liquid fertilizers	6.5%
Machineries for Plastic Bags Plant	4% - 6%
Means of transportation	10% - 20%
Cranes	10%
Tools	7.5% - 10%
Furniture and office equipment	10%
Computers	25%
Photocopiers	17%
Catalyst Abu Qir Plants (1), (2), (3)	10% - 33%







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**(3/2/4) Gain or loss on sale of fixed assets:**

Gain or loss on sale of fixed assets resulting from the difference between net replacement value and net book value of disposed asset after deducting its salvage value, are included in the statement of income.

**(3/3) Projects under construction:**

All amounts paid to acquire fixed assets are recorded as projects under constructions at cost less any impairment (if any), the asset is transferred to fixed assets when it becomes ready for its intended use and will start to be depreciated.

**(3/4) Investments:**

**(3/4/1) Available for sale investments:**

Available for sale investments are stated at fair value and represented as non-current investments, any differences in their fair value are recognized as gain or loss charged directly to other comprehensive income in the Shareholders' equity.

Available for sale investments comprise investments in ownership of Alexandria Fertilizers Company, Helwan Fertilizers Company, and Global Company For Petrochemicals, As these companies do not registered in the stock exchange in an active market and the company couldn't measure its fair value in a reliable way, so they were evaluated at cost and if there is an impairment in its values, their book values will be adjusted accordingly and the differences are stated at reduced by the amount of that decrease which will be stated in the statement of income.

**(3/4/2) Held to maturity investments:**

Held to maturity investments are investments that have a determined or determinable value and a maturity date, also the company has a capability and intend to keep them till its maturity date. These investments comprise the following:

- **Investments in treasury bills:**

Investments in treasury bills are stated at paid amount and represented at nominal value after deducting unearned revenues till the financial statements date.

**(3/4/3) Investments at fair value through profit or loss:**

Investments at fair value through profit and loss are stated and evaluated at fair value, with any resultant gain or loss recognized in the statement of income. Also, any gain or loss from sale these investments are charged directly to the statement of income.

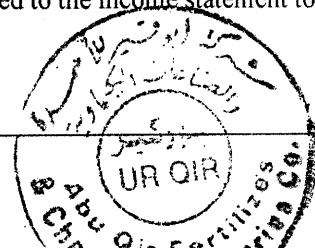
**(3/5) Borrowing and the policy followed in borrowing cost treatment:**

Borrowing and credit facilities are recognized initially in fair value after deducted any related expenses. These borrowings are represented in balance sheet as current or non-current according to maturity dates.

Borrowing costs are capitalized to related acquired, constructed, or created assets only if capitalization conditions are met otherwise recognized as an expense in the statement of income as incurred.

**(3/6) Inventory:**

**(3/6/1): Finished goods** are stated at the lower of cost or net realizable value (Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal), Ending finished goods have been stated at cost where it is lower than net realizable value, Issued finished goods are evaluated using its book value. In case there is a decline in net realizable value for obsolete or slow motioned inventory under its cost, the difference charged to the income statement to ensure the definition of net realizable value.





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**(3/6/2): Work in process inventory** is stated at cost (till the last production stage reached) or net realizable value whichever is lower, ending work in process inventory in Abu Qir plant (1) is stated at net realizable value where it is lower than cost, but ending work in process inventory in Abu Qir plants (2) and (3) is stated at cost which is lower than their net realizable value.

**(3/6/3): Inventory of raw materials, supplies, spare parts, and packaging materials** are stated at cost where these materials are used for production which their net realizable value exceeds its cost. Cost of issued materials are stated using weighted average method.

**(3/6/4): Inventory of scrap and waste** are stated at cost or net realizable value whichever is lower.

**(3/6/5): Cost of inventory:**

Costs include those expenses incurred in bringing each item to its present location and condition.

**(3/6/6): Inventory physical count:**

The finished goods and work in process inventory are physically counted at the end of the period, other inventories have been counted by perpetual method during the year under the supervision of the external auditor and the Accountability State Authority.

**(3/7) Trade receivables, debtors and other debit balances:**

Trade receivables, debtors and other debit balances are stated at their nominal values and reduced by appropriate decline in its values which represent amounts that are expected to be uncollectible.

**(3/8) Cash and cash equivalent:**

- Cash and cash equivalents are comprised of cash on hand and at banks (current accounts and time deposits).

**(3/9) Statement of cash flows:**

Statement of cash flows is prepared using the direct method.

**(3/10) Operating segments:**

Operating segment is defined as unit which participates in business activities that the company could generates revenues and incur expenses, The company reviews on timely bases the performance of operating segments to evaluate its financial performance and make important decisions to reallocate resources for each segment, financial information for each segment should be disclosed separately, not necessarily every part of the entity is an operating segment or part of an operating segment.

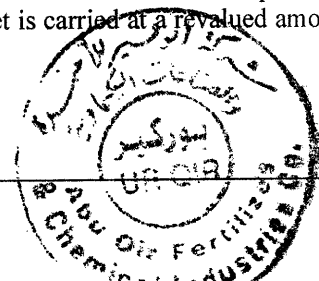
**(3/11) Impairment of assets:**

**(3/11/1) Impairment of non-financial assets**

At each financial statement date, the Company reviews the carrying amounts of its cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, The carrying amount of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.





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Where an impairment loss subsequently reverses the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(3/11/2) Impairment of financial assets:**

Financial assets, other than those at fair value through profit or loss (FVTPL) are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

**(3/12) Creditors and other credit balances:**

Creditors are recorded at historical cost and classified within liabilities for amounts expected to be paid or settled against received goods or services.

**(3/13) Governmental grants:**

Governmental grants related to acquisition of asset are stated as unearned revenue until fulfilling the grant conditions and when these conditions are met revenue will be recognized in the statement of income over estimated useful life of related asset by same depreciation rate.

**(3/14) Legal reserve:**

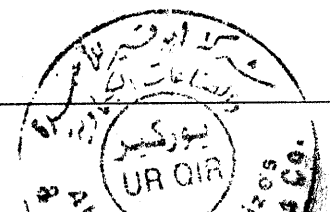
In accordance with corporate law no. 159 of 1981 and the company's articles of association 5% at least of the annual profits is required to be transferred to legal reserve until this reserve equals at least 50% of the issued capital, whenever legal reserve is decreases from 50% of the issued capital it is must to deduct 5% of the company's annual profits again to be transferred to legal reserve.

**(3/15) Provisions:**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is expected that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation .

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows .

According to conservatism principle, company creates income tax provisions in light of actual claims, dispute matters, and probable claims for unexamined year's base on prior experience with tax authority. Provisions are reviewed at the end of each financial period and restated to reflect management estimates, the amount recognized as a provision should represent the present value of the expected outflows to settle the obligation which represented as current and non-current provisions.





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**(3/16) Revenue recognition:**

**(3/16/1) Selling goods:**

Sales revenues are recognized when all ownership risks, rewards and controls are transferred to the client, the actual delivery of sold goods, measurable economic benefits will flow to the company and the cost of these benefits could be reliably measured, for export sales all ownership risks, rewards and controls are transferred to the client according to shipping terms.

**(3/16/2) Revenues from available for sale investments:**

Revenues from available for sale investments are comprised of dividends received from investing in companies that occurred after the acquisition date and are recognized upon announcement of cash dividends and approval from their general assembly meeting.

**(3/16/3) Credit interests:**

Credit interest revenues are recognized at statement of income according to bank's declared interest rates at accrual bases.

**(3/16/4) Return on treasury bills:**

Return on treasury bills are recognized at statement of income according to amortized cost using actual interest rate.

**(3/16/5) Revenues from investments at fair value through profit or loss:**

All revenues of this investments either revaluation or gain on sale of investments are recognized at the statement of income.

**(3/17) Expenses:**

All operating costs, selling expenses, and general and administrative expenses are recognized and charged to the statement of income as incurred according to accrual basis.

**(3/17/1) Debts interests:**

Debt interests are recognized in the statement of income by using the actual interest rate.

**(3/17/2) Rent expenses:**

Rent expenses are recognized in the statement of income using straight-line installments over rent contract period.

**(3/17/3) Social insurance and retirement plan for employees:**

The company contributes to the government social insurance system for the benefit of its personnel in accordance with the Egyptian social insurance law no. 79 of 1975. Under this law, Company contributions are charged to the statement of income as incurred according to accrual basis.

**(3/17/4) Employees' benefits:**

Accumulated actuarial gain or loss are recognized (if any) as a liability against defined employees benefits and charged directly to other comprehensive income, realized benefits are charged to statement of income including modifying, downsizing, or restructuring the employee benefits program as incurred.





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**(3/17/5) Income tax:**

The income tax on profit for the period, comprises current tax, and deferred tax, the accrued income tax is directly charged to the statement of income except for items recognized as other comprehensive income in the owners' equity.

Current income tax is (calculated according to the laws and applicable regulations using the prevailing tax prices on the financial statements date including any tax differences for previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax basis used in the computation of taxable profit and is accounted for using the financial position method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**(3/18) Earnings per share:**

Earnings per share are calculated by dividing the net profit (loss) for the financial period attributable to shareholders of the company by the weighted average of the outstanding shares during the financial period, If share dividend are issued or splitted during the financial period, the weighted average of the registered shares during the financial period are recalculated as if issuance of share dividend or shares splitting were done at the beginning of first period presented.

**(3/19) Cash dividend:**

Cash dividend is recorded as liabilities upon announcement and being approved by company's ordinary general assembly meeting.

**(3/20) Financial instruments and related risks management:**

**(3/20/1) Fair value of financial instruments:**

The financial instruments represented in balances of cash and banks, debtors, balances due from related parties, certain other debit accounts, creditors, balances due to related parties and certain other credit accounts. The company measures the fair value of these instruments to ensure that they represent a reasonable estimate of their fair values at the financial position date.

**(3/20/2) Foreign currency risk:**

Foreign currency risk is represented in foreign currency fluctuations in exchange rates affecting the Company's cash inflow and outflow in foreign currencies and also the exchange differences arising from translation of monetary assets and liabilities in foreign currencies. The company maintains a reasonable balance of foreign currencies against its liabilities in foreign currencies in order to avoid that risk.





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**(3/20/3) Liquidity risk:**

Liquidity risk represents the Company's inability to settle its financial liabilities on maturity dates. The company inspects its balances at banks daily to ensure that sufficient cash is maintained to meet funding requirements according to short, med, and long-term cash flow.

**(3/20/4) Credit risk:**

Credit risk represents the Company's inability to collect its financial assets on maturity dates. The company distributes its customers in various sectors with strict credit control. Impairment losses are properly demonstrated with an accurate credit risk assessment.

**(3/20/5) Interest rate risk:**

Interest rate risk represents the effect of changes in interest rate, which might adversely affect both the bank liabilities which represent loan balances and the credit interest on bank deposits. To prevent the credit interest risk, the company works on revising its banking plans for getting the best available prices in the market regularly.

**(3/20/6) Market risk:**

Market risk is represented in the changes of market prices that resulting from changes in foreign exchange rates, interest rates, equity instruments prices, that affect the company's revenues, the company aims to manage those risks within acceptable parameters while maximizing returns.

**(3/20/7) Capital management:**

The management aims to maintain strong capital structure in order to maintain the confidence of investors, creditors and other stakeholders and to meet future developments while maximizing returns, return on equity is calculated as net profit divided by total shareholders' equity. Management reviews company's distributions to shareholders and trying to maintain strong capital structure and maximizing returns. There are no changes in management strategy in this matter during the year also there are no requirements or any external constraints on the company in respect of their management of capital.

**(3/21) New issues and Egyptian accounting standards amendments:**

On March 18, 2019, The Minister of Investment and International Cooperation has issued decree No. (69) of 2019 in order to amend some of Egyptian Accounting Standards that was previously issued by investment minister decree No. (110) of 2015, the decree includes some of new Egyptian Accounting Standards as well as introducing amendments to certain existing standards this decree was published in Egyptian facts Gazette on April 7, 2019, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021 **which are as follows:**

**(3/21/1) The new Egyptian Accounting Standard No. (47) - Financial Instruments:**

**(3/21/1/1) A summary of amendments:**

- The new Egyptian accounting standard No. (47) - "Financial instruments" supersedes the corresponding issues included in the accounting standard no. (26) - Financial instruments "Recognition and Measurement". Accordingly, the Egyptian accounting standard No. (26) was amended and reissued after canceling the paragraphs pertaining to the issues addressed in the new standard No. (47) and the scope of the amended standard of (26) was specified to deal only with limited cases of hedging accounting according to the choice of the enterprise.
- Pursuant to the requirements of the standard financial assets are stated based on their subsequent measurement whether at amortized cost, fair value through other comprehensive income, or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial assets.





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- The incurred loss model was replaced by the expected credit loss model when measuring the impairment of financial assets, which requires measuring the impairment of all financial assets which are stated at amortized cost and financial instruments at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of impairment in their values.
- **Based on the requirement of this standard the following standard were amended:**
  - Egyptian Accounting Standard No. (1): "Presentation of financial statements" as amended in 2019
  - Egyptian Accounting Standard No. (4): Statement of cash flows
  - Egyptian Accounting Standard No. (25): Financial Instruments: Presentation
  - Egyptian Accounting Standard No. (26): Financial Instruments: Recognition and measurement
  - Egyptian Accounting Standard No. (40) – Financial Instruments: Disclosures

**(3/21/1/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/1/3) The date of implementation**

The Standard No. (47) applies to financial periods beginning on/or after January 1, 2021, and early implementation thereof is permitted provided that the amended Egyptian Accounting Standard No. (1), (25), (26), and (40) are to be simultaneously applied.

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Coivd-19) resulted in economic and financial impacts, as well as all necessary measures that have taken to prevent the spread of the epidemic which applying restriction on the full existence of human resources in the premises, The Higher Committee for Reviewing the Egyptian Accounting Standards on April 12, 2020 has postponed the implementation of new standards and its accompanying amendments on the interim financial statements during the year 2020, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021.

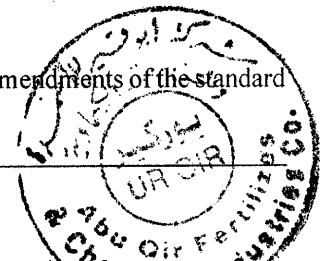
**(3/21/2) The new Egyptian Accounting Standard No. (48) – Revenue from Contract with Customers:**

**(3/21/2/1) A summary of amendments:**

- The new Egyptian Accounting Standard No. (48) – "Revenue from Contract with Customer" shall supersede and repeal both standards Egyptian Accounting Standard No. (8) – "Construction contract" as amended in 2015 and Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.
- For revenue recognition, control model is used instead of risk and rewards model.
- Incremental costs of obtaining a contract with a customer are recognized as an asset if enterprise expects to recover those costs, as well as the costs of fulfilling the contract are to be recognized as an asset when certain condones are met.
- The standard requires that the contract must have a commercial substance in order for the revenue to be recognized.
- Expanding in presentation and disclosure requirements.

**(3/21/2/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.





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**(3/21/2/3) The date of implementation:**

Standard No. (48) applies to financial periods beginning on/or after January 1, 2020, and early implementation thereof is permitted.

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Coivd-19) resulted in economic and financial impacts, as well as all necessary measures that have taken to prevent the spread of the epidemic which applying restriction on the full existence of human resources in the premises, The Higher Committee for Reviewing the Egyptian Accounting Standards on April 12, 2020 has postponed the implementation of new standards and its accompanying amendments on the interim financial statements during the year 2020, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021.

**(3/21/3) The new Egyptian Accounting Standard No. (49) – Lease Contract:**

**(3/21/3/1) A summary of amendments:**

- The new Egyptian Accounting Standard No. (49) - Lease Contract shall supersede and repeal standard No. (20) - "Financial Leasing" issued in 2015.
- The standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the right of use of the leased asset as part of the company's assets and recognizes a liability that represents the present value of unpaid lease payments under the company's liabilities taking into account that the lease contract is not classified in respect of the lessee as operating or finance lease contract.
- As for the lessor, the lease contract will be classified either as an operating lease or a finance lease contract.
- As for finance lease contracts, the assets held under these contracts will be recognized by the lessor in the statement of financial position as amounts receivable with an amount of net investment in the lease contract.
- As for operating lease contracts, the lease payments of these contracts will be recognized by the lessor as income either based on the straight-line method or based on any other regular basis.

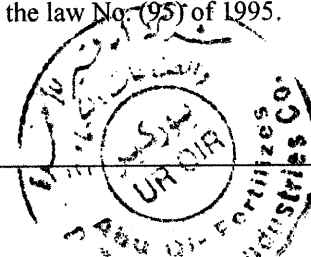
**(3/21/3/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/3/3) The date of implementation:**

This Standard No. (49) applies to all financial period beginning on/or after January 1, 2021, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) Revenue from Contracts with the Customer is simultaneously applied.

Except for the above-mentioned date of enforcement, standard No. (49) applies to lease contract that was subjected to finance lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. (20) – "Accounting rules and standard related to financial leasing" as well as the finance lease contracts that arise under the law of No. 176 of 2018 " financial leasing and factoring activities" starting from the beginning of the annual reporting period in which the law of No. 176 of 2018 " financial leasing and factoring activities" was issued which supersede and repeal the law No. (95) of 1995.







**Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)**

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Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Coivd-19) resulted in economic and financial impacts, as well as all necessary measures that have taken to prevent the spread of the epidemic which applying restriction on the full existence of human resources in the premises, The Higher Committee for Reviewing the Egyptian Accounting Standards on April 12, 2020 has postponed the implementation of new standards and its accompanying amendments on the interim financial statements during the year 2020, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021.

**(3/21/4) The amended Egyptian Accounting Standard No. (38) – Employees Benefits:**

**(3/21/4/1) A summary of amendments:**

Some paragraphs were introduced and amended in order to amend the accounting rules of amendment and settlements of employees' benefits plan.

**(3/21/4/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/4/3) The date of implementation:**

This amended standard No. (38) applies to financial periods beginning on/or after January 1, 2021, and the early implementation thereof is permitted.

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Coivd-19) resulted in economic and financial impacts, as well as all necessary measures that have taken to prevent the spread of the epidemic which applying restriction on the full existence of human resources in the premises, The Higher Committee for Reviewing the Egyptian Accounting Standards on April 12, 2020 has postponed the implementation of new standards and its accompanying amendments on the interim financial statements during the year 2020, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021.

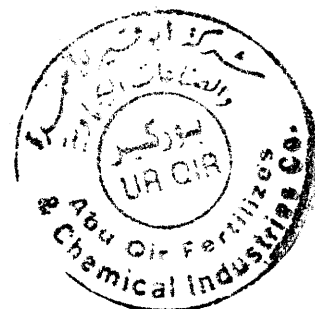
**(3/21/5) The amended Egyptian Accounting Standard No. (42) - The Consolidated Financial Statements:**

**(3/21/5/1) A summary of amendments:**

Some paragraphs were added related to exclude the investing entities from the consolidation process. This amendment has resulted in introducing amendments to some of the accounting standards related to the subject of the investment entities.

**The standards that were amended are as follows:**

- ESA 15 – Related Party Disclosures
- ESA 17 – Separate Financial Statements
- ESA 18 – Investments in Associates
- ESA 24 – Income Tax
- ESA 29 – Business Combination
- ESA 30 – periodical Financial Statement
- ESA 44 – Discourse of Interests in Other Entities





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**(3/21/5/2) The date of implementation:**

This amended Standard No. (42) applies to financial periods beginning on/ or after January 1, 2021, and the early implementation thereof is permitted. The new or amended paragraphs pertaining to the amended standards concerning the investing entities shall be applied in the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statement" as amended in 2019.

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Coivd-19) resulted in economic and financial impacts, as well as all necessary measures that have taken to prevent the spread of the epidemic which applying restriction on the full existence of human resources in the premises, The Higher Committee for Reviewing the Egyptian Accounting Standards on April 12, 2020 has postponed the implementation of new standards and its accompanying amendments on the interim financial statements during the year 2020, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021.

**(3/21/6) The amended Egyptian Accounting Standard No. (22) – Earning Per Share:**

**(3/21/6/1) A summary of amendments:**

The scope of Egyptian Accounting Standard No. (22) – "Earning Per Share" was expanded to become mandatory on the separate, consolidated or stand-alone financial statement of all types of firms.

**(3/21/6/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/6/3) The date of implementation:**

This amended Standard No. (22) applies to financial periods beginning on/ or after January 1, 2021.

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Coivd-19) resulted in economic and financial impacts, as well as all necessary measures that have taken to prevent the spread of the epidemic which applying restriction on the full existence of human resources in the premises, The Higher Committee for Reviewing the Egyptian Accounting Standards on April 12, 2020 has postponed the implementation of new standards and its accompanying amendments on the interim financial statements during the year 2020, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021.

**(3/21/7) The Egyptian Accounting Standard No. (4) – Statement of Cash Flow:**

**(3/21/7/1) A summary of amendments:**

This standard requires that firms present their disclosures so users can evaluate the changes in liabilities which arise from financing activities, in addition to all changes arise from cash or non-cash flows.

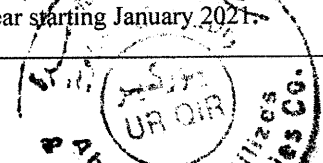
**(3/21/7/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/7/3) The date of implementation:**

This amended Standard No. (4) applies to financial periods beginning on/ or after January 1, 2021.

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Coivd-19) resulted in economic and financial impacts, as well as all necessary measures that have taken to prevent the spread of the epidemic which applying restriction on the full existence of human resources in the premises, The Higher Committee for Reviewing the Egyptian Accounting Standards on April 12, 2020 has postponed the implementation of new standards and its accompanying amendments on the interim financial statements during the year 2020, The Prime Minister then issued a decree No. (1871) of 2020, Postponing the application of Egyptian accounting standards No. (47,48,49) to the financial year starting January 2021.





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**(4) Fixed assets (net):**

**(4/1/1) Fixed assets as at December 31, 2020:**

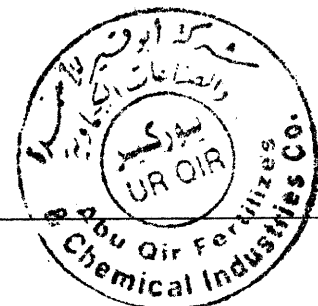
(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2020	473,053	2,955,222	48,344	45,221	41,428	3,563,268
Additions and adjustments	1,359	265	3,457	900	890	6,871
Disposals and adjustments	--	(2,245)	(2,274)	(66)	(80)	(4,665)
<b>Cost as at December 31, 2020</b>	<b>474,412</b>	<b>2,953,242</b>	<b>49,527</b>	<b>46,055</b>	<b>42,238</b>	<b>3,565,474</b>
Acc. depreciation as at July 1, 2020	238,519	2,131,703	36,549	29,108	24,556	2,460,435
Depreciation	7,333	46,199	1,890	1,195	1,366	57,983
Disposals acc. depreciation	--	(77)	(2,274)	(66)	(80)	(2,497)
<b>Acc. depreciation as at December 31, 2020</b>	<b>245,852</b>	<b>2,177,825</b>	<b>36,165</b>	<b>30,237</b>	<b>25,842</b>	<b>2,515,921</b>
<b>Net book value as at December 31, 2020</b>	<b>228,560</b>	<b>775,417</b>	<b>13,362</b>	<b>15,818</b>	<b>16,396</b>	<b>1,049,553</b>

**(4/1/2) Fixed assets as at December 31, 2019:**

(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2019	343,386	2,614,020	42,546	36,852	36,752	3,073,556
Additions and adjustments	451	125,375	581	3,905	571	130,883
Disposals and adjustments	(69)	(46,987)	(128)	(105)	(1,617)	(48,906)
<b>Cost as at December 31, 2019</b>	<b>343,768</b>	<b>2,692,408</b>	<b>42,999</b>	<b>40,652</b>	<b>35,706</b>	<b>3,155,533</b>
Acc. depreciation as at July 1, 2019	231,554	2,102,221	34,475	27,522	23,606	2,419,378
Depreciation	3,455	41,914	1,060	929	1,273	48,631
Disposals acc. depreciation	(69)	(46,987)	(128)	(105)	(1,617)	(48,906)
<b>Acc. depreciation as at December 31, 2019</b>	<b>234,940</b>	<b>2,097,148</b>	<b>35,407</b>	<b>28,346</b>	<b>23,262</b>	<b>2,419,103</b>
<b>Net book value as at December 31, 2019</b>	<b>108,828</b>	<b>595,260</b>	<b>7,592</b>	<b>12,306</b>	<b>12,444</b>	<b>736,430</b>





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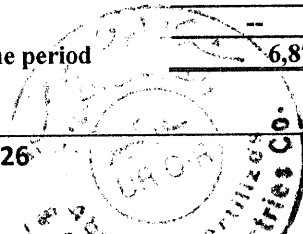
**(4/1/3) Fixed assets as at June 30, 2020:**

Description	(Amounts in thousands)					Total
	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	
Cost as at July 1, 2019	343,386	2,614,020	42,546	36,852	36,752	3,073,556
Additions and adjustments	136,514	394,410	6,448	8,879	6,649	552,900
Disposals and adjustments	(6,847)	(53,208)	(650)	(510)	(1,973)	(63,188)
<b>Cost as at June 30, 2020</b>	<b>473,053</b>	<b>2,955,222</b>	<b>48,344</b>	<b>45,221</b>	<b>41,428</b>	<b>3,563,268</b>
Acc. depreciation as at July 1, 2019	231,554	2,102,221	34,475	27,522	23,606	2,419,378
Depreciation	7,034	82,658	2,202	2,073	2,703	96,670
Disposals acc. depreciation	(69)	(53,176)	(128)	(487)	(1,753)	(55,613)
<b>Acc. depreciation as at June 30, 2020</b>	<b>238,519</b>	<b>2,131,703</b>	<b>36,549</b>	<b>29,108</b>	<b>24,556</b>	<b>2,460,435</b>
<b>Net book value as at June 30, 2020</b>	<b>234,534</b>	<b>823,519</b>	<b>11,795</b>	<b>16,113</b>	<b>16,872</b>	<b>1,102,833</b>

**(4/2) Fixed assets additions and disposals for the Six-months period ended December 31, 2020:**

Total fixed assets additions and disposals and their adjustments for the Six-months period ended December 31, 2020 amounted EGP 6,871 thousand, and EGP 4,665 thousand respectively as follows:

Description	(Amounts in thousands)	
	Additions and adjustments	Disposals and adjustments
<b>First: Abu Qir Plant (1):</b>		
Electricity current protection device (UPS)	--	6
Establishing a fire network in the spare parts stores in the imported warehouse	1,359	--
Adjustment to reduce machines for ZLD unit with the value of spare parts	--	1,534
Means of transportation	3,457	2,274
Shot hose for filling prilled urea	265	--
Furniture, supplies and tools	1,737	132
<b>Total Abu Qir Plant (1)</b>	<b>6,818</b>	<b>3,946</b>
<b>Second: Abu Qir Plant (2):</b>		
Furniture and supplies	34	7
<b>Total Abu Qir Plant (2)</b>	<b>34</b>	<b>7</b>
<b>Third: Abu Qir Plant (3)</b>		
Furniture, tools and supplies	19	--
<b>Total Abu Qir Plant (3)</b>	<b>19</b>	<b>--</b>
<b>Fourth: Plastic Bags Plant:</b>		
Adjustment to Reduce machines for plastic bags plant with the value of spare parts	--	705
Furniture, supplies, tools and transportation	--	7
<b>Total Plastic Bags Plant</b>	<b>--</b>	<b>712</b>
<b>Total fixed assets additions and disposals for the period</b>	<b>6,871</b>	<b>4,665</b>





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Fixed assets include EGP 24.6 million represents value of buildings, roads, machines and furniture related to employees' compound city which is financed by the share of social services and housing association for employees against liability by the same amount stated in credit balances for control purposes, taking into consideration that these assets are not depreciated.

**(4/3) Reconsidering the assets estimated useful lives:**

- The historical cost of fully depreciated fixed assets and still working amounted to EGP 2.13 billion.
- A committee has been assembled by administrative decision no. 74 of 2020 to reconsider the estimated useful life of fixed assets that were not fully depreciated; the committee has finished its work and concluded that the present virtual life of assets is appropriate.

**(4/4) Impairment:**

A committee has been assembled by administrative decision no. 74 of 2020 to study and reconsider if there are any indications of impairment in fixed assets' values over their book values that are available to recovery; the committee has finished its work and concluded that there is no impairment considered.

**(4/5) Assets temporarily disabled or suspended and restrictions on ownership of assets:**

There are no assets neither temporarily disabled or suspended or held for sale except for EGP 1,494 thousand which represents catalyst and control system for Ammonia and compressors in Abu Qir plant (2) and there are no restrictions on ownership of assets at financial position date except for the completion of the registration of some of the company's lands with an area of 2 shares, 4 acres of which about 15 shares, 21 carats, and 1 acre outside the company's fence, the registration procedures for these lands are in process.

**(4/6) Contractual commitments to acquisition of fixed assets:**

Contractual commitments to acquisition of fixed assets are represented in contracts which have not yet been implemented till December 31, 2020:

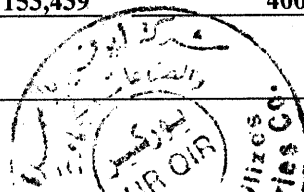
<u>Description</u>	<u>(Amounts in thousands)</u>		
	<u>December 31, 2020</u>		
	<u>EGP</u>	<u>EURO</u>	<u>USD</u>
Finishing the administrative headquarters of the company in Cairo	2,644		
Auxiliary HP boiler Replacement for Abu Qir Plant (1)		10	
Zero Liquid Discharge Project - local and foreign components	7,866	651	
Demineralization Project - foreign components		151	
Supplies orders	589	10,367	492

**(5) Projects under construction as at December 31, 2020:**

Projects under construction amounted EGP 272,037 thousand as at December 31, 2020 which comprise as follows:

	<u>(Amounts in thousands)</u>		
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>
<b><u>First: Assets components acquisition</u></b>			
Buildings and constructions	32,571	66,947	25,021
Machinery and equipment	115,475	163,755	90,788
Tools	4	--	--
Furniture and office equipment	547	5,763	3,774
Other projects (Abu Qir plants (1) and (3) development and reducing CO2 emissions)	4,842	163,722	2,285
<b>Total assets' components acquisition</b>	<b>153,439</b>	<b>400,187</b>	<b>121,868</b>

To be followed...





Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

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to be continued...

**Second: Investing expenditures**

Advance payments	9,906	31,339	10,350
Letters of credit	108,692	39,292	99,357
<b>Total investing expenditures</b>	<b>118,598</b>	<b>70,631</b>	<b>109,707</b>
<b>Total projects under construction</b>	<b>272,037</b>	<b>470,818</b>	<b>231,575</b>

**First: Fixed assets components acquisition:**

**(1) Buildings amounted to EGP 32,571 thousand which comprise as follows:**

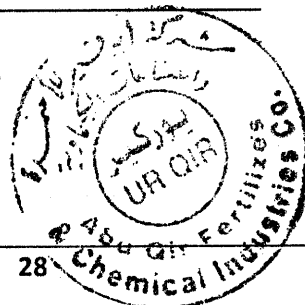
Description	(Amounts in thousands)	
	December 31, 2020	
<b>(1/1) Abu Qir Plant (1):</b> The new administrative headquarters Cairo, garages for winches in the residential city, linking the sewage network project for factories with the main network and supplying and installing an automatic fire fighting system.		32,518
<b>(1/2) Abu Qir Plant (2):</b> The new nitrate waste warehouse and car garage shelter in front of gate 2.		53
		<b>32,571</b>

**(2) Machinery and equipment amounted to EGP 115,475 thousand which comprise as follows:**

Description	(Amounts in thousands)	
	December 31, 2020	
<b>(2/1) Abu Qir Plant (1):</b> The front axle pipes, Leak detection system, the replacement of cooling tower cell, Ammonia gas rotary, and changing the steam toaster and job orders in workshops.		101,140
<b>(2/2) Abu Qir Plant (2):</b> - Heat Exchanger and modifying New Mod Ring Burner and Gas compressor cooler and heat exchanger.		8,260
<b>(2/3) Abu Qir Plant (3):</b> - Heat exchanger.		6,075
		<b>115,475</b>

**(3) Furniture and office equipment and tools amounted to EGP 551 thousand which comprise as follows:**

Description	(Amounts in thousands)	
	December 31, 2020	
(3/1) Ammonia emissions meter		4
(3/2) Android & IOS system for employees		408
(3/3) Furniture related to Abu Qir Plant (1)		18
(3/4) Other job orders		121
		<b>551</b>





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**(4) Other projects amounted to EGP 4,842 thousand which comprise as follows:**

Description	(Amounts in thousands)
	December 31, 2020
(4/1) Abu Qir Plant 3 development and reducing CO <sub>2</sub> emissions	3,402
(4/2) Abu Qir Plant 1 Urea plant development	1,440
	<b>4,842</b>

**Second: Investing expenditures:**

**(1) Advance payments balance amounted to EGP 9,906 thousand which comprise as follows:**

Description	(Amounts in thousands)
	December 31, 2020
Renewing electric control system with two elevators in urea and packaging unit in Abu Qir Plant (1)	218
Demolition and construction permit for the project of remove acid and nitrate bottlenecks	42
Supply and installation of new automatic fire extinguishing system for 14 buildings	3,879
Designing and supervision of Cairo office preparation	47
Manufacturing and replacing the heat exchanger	5,700
Purchasing camera for meetings	9
Purchasing an aspiration and inhalation device for medical services	11
	<b>9,906</b>

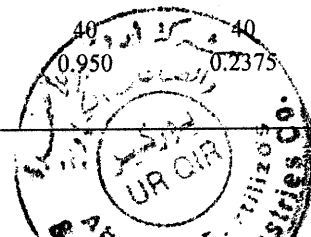
**(2) Letters of credit balance amounted EGP 108,692 thousand which comprise as follows:**

Description	(Amounts in thousands)
	December 31, 2020
Syngas water cooler for Abu Qir Plant (1)	6,084
Scrubber complete H.P for Abu Qir Plant (3)	35,673
Upgrade for control system for Abu Qir Plant (3)	1,307
Upgrade the speed control system for Abu Qir Plant (1)	5,107
High pressure stripper for Abu Qir Plant (3)	45,528
BFW Preheater for Abu Qir Plant (1)	3,194
Upgrading control system for Abu Qir (3)	9,488
Gas detection system for Abu Qir Plant (2)	2,311
	<b>108,692</b>

**(6) Available for sale investments:**

Available for sale investments balance amounted EGP 337,259 thousand as at December 31, 2020, which comprise as follows:

Description	(million EGP/USD)			Thousands EGP)	
	Paid up capital	Ownership percentage	Total investing amount	Total Paid amount till 31/12/2020	Total Paid amount till 31/12/2020
Alexandria Fertilizers Company (USD)	149.25	15%	22.3875	22.3875	135,912
Helwan Fertilizers Company (USD)	150	17%	25.5	25.5	157,590
El Wadi for Phosphate and Fertilizers Industries (EGP)	400	10%	40	40	40,000
Abu Tartur for Phosphoric Acid Company (USD)	10	9.5%	0.950	0.2375	3,757
<b>Total Available for sale investments balance</b>					<b>337,259</b>





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**(6/1) El Wady for Phosphate and Fertilizers Industries:**

On April 13, 2020 Abu Qir Fertilizers company has transferred EGP 10 Million in favor of El Wady for Phosphate and Fertilizers Industries according to the board of directors' decision, to complete 100% of the company's contribution in the capital of El Wady for Phosphate and Fertilizers Industries so the total amount paid is EGP 40 Million represents 10% contribution.

**(6/2) Abu Tartur for Phosphoric Acid Company:**

- On August 26, 2019, the board of directors of Abu Qir Fertilizers company has issued unanimous approval on contribution of Abu Qir fertilizers company in Abu Tartur company for phosphoric Acid (under establishment) , as El Wady company should be notified with the proposal of reducing its share in the new company to the lowest possible percentage and redistribute these reduction to other shareholders, provided that a formal power of attorney for founding agent is released to take all necessary measures to establish the new company (Abu Tartur for Phosphoric Acid Company)
- On July 25, 2020 the board of directors of Abu Qir Fertilizers Company has issued unanimous approval no. (94) to pay the amount of USD 237.5 thousand which represents 25% of Abu Qir the investing amount in Abu Tartur Company that has a total share of 9.5% of the company's capital amounted to USD 10 million.
- On December 6, 2020 a Constituent General Assembly meeting was held for Abu Tartur company for phosphoric Acid Company (Private Free Zone Company) at the headquarters of the Ministry of Petroleum and Mineral Resources.
- On January 13, 2021 the board of directors of Abu Tartur company for phosphoric Acid has issued an approval for calling the second installment of 25% of the issued capital and Abu Qir Fertilizers company must pay the amount of USD 237.5 and the payment procedures are being taken.

**(6/3) Global Company for Petrochemical Investments:**

- According to the decisions of the ordinary general assembly meeting of the Global Petrochemical Investments Company, held on July 16, 2020, the company received a transfer of USD 45 thousand that represents its share of the company's liquidation, Global Petrochemical Investments Company's registration was removed from the commercial register and the necessary adjustments were made in Abu Qir Fertilizers company's books.

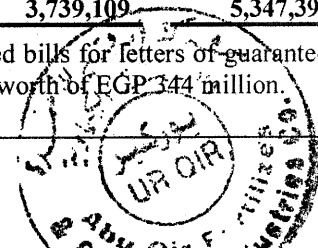
**(7) Held to maturity investments:**

Held to maturity investments balance amounted EGP 4,484,334 thousand as at December 31, 2020, which comprise as follows:

(7/1) **Treasury bills** is classified as current assets as follows:

	<b>(Amounts in thousands)</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>
<b><u>Treasury bills</u></b>			
Nominal value	4,752,775	3,961,525	5,603,350
<b>Deduct:</b> unearned revenues	(241,689)	(201,198)	(215,848)
<b>Deduct:</b> Tax reconciliation	(26,752)	(21,218)	(40,105)
<b>Total treasury bills - recoverable value</b>	<b>4,484,334</b>	<b>3,739,109</b>	<b>5,347,397</b>
<b>Total current held to maturity investments</b>	<b>4,484,334</b>	<b>3,739,109</b>	<b>5,347,397</b>

- Treasury bills balance included an amount of EGP 505 million mortgaged bills for letters of guarantee issued by banks on behalf of the company and in favor of others with the worth of EGP 344 million.







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**(8) Assets held for sale:**

Assets held for sale balance is amounted to EGP 1,494 thousand as at December 31, 2020, which comprises as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Control system - Abu Qir (2)	1,494	2,778	1,495
Mixed fertilizer factory machines	--	1,495	666
	<b>1,494</b>	<b>4,273</b>	<b>2,161</b>

**(9) Inventory:**

Inventory balance is amounted to EGP 1,301,631 thousand as at December 31, 2020, which comprises as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Raw materials	190,398	185,901	289,703
Fuel and oil	4,331	4,667	4,225
Spare parts and supplies	756,190	676,518	713,884
Packing materials	23,238	20,045	9,571
Wastes	1,154	892	1,112
Work in process	22,329	54,070	56,520
Finished goods	98,831	128,885	139,705
Inventory with others	63,800	49,683	28,410
Letters of credit	141,261	57,267	32,829
Supplies under construction	99	388	94
	<b>1,301,631</b>	<b>1,178,316</b>	<b>1,276,053</b>

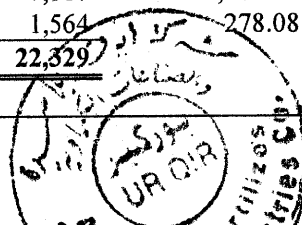
a. **Inventory with others** as at December 31, 2020, is amounted to EGP 63,800 thousand, which comprise as follows:

Description	Company	(Amounts in thousands)
		December 31, 2020
Platinum networks	Johnson Matte Company	36,496
Rotors (for repairing)	Man Turbo Machine	22,572
Rotors (for repairing)	Siemens Company	1,371
Governor pgpl	Wood Warm Company	63
Rotors	Nuvo Pignene	1,299
Others	Others	1,999
		<b>63,800</b>

b. **Work in process:**

Work in process balances as at December 31, 2020, is amounted to EGP 22,329 thousand, can be represented as follows:

	December 31, 2020		June 30, 2020	
	Quantity in ton	Amounts in thousands	Quantity in ton	Amounts in thousands
Ammonia (1)	2,586.97	8,956	2,447.37	9,025
Ammonia (2)	1,308.40	4,192	3,576.50	12,856
Ammonia (3)	2,232.50	7,617	9,767.70	34,308
Nitric Acid	1,346.98	1,564	278.08	331
		<b>22,329</b>		<b>56,520</b>





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**c. Finished goods:**

Finished goods balances as at December 31, 2020, is amounted to EGP 98,831 thousand, can be represented as follow:

	December 31, 2020		June 30, 2020	
	Quantity in ton/ bag	Amounts in thousands	Quantity in ton/ bag	Amounts in thousands
Prilled urea	10,686.18	25,093	3,0365.85	75,714
Granular nitrate	231.59	402	342.57	637
Granular urea	32,902.90	70,890	24,729.37	54,903
Liquid fertilizer	1,355.886	2,109	4,649.009	8,261
Plastic bags	84,000.00	337	42,000.00	190
		<b>98,831</b>		<b>139,705</b>

**(10) Trade receivables and debit accounts:**

Trade receivables and debit accounts amounted to EGP 616,803 thousand as at December 31, 2020 which comprises as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Trade receivables and notes receivable	100,151	88,496	77,466
Sundry debtors	83,258	71,907	63,935
Other debit accounts	390,746	367,524	263,064
Vendors debit balances	42,648	45,332	37,325
	<b>616,803</b>	<b>573,259</b>	<b>441,790</b>

**(10/1) Trade and notes receivable:**

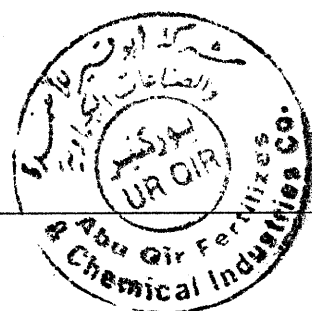
Trade and notes receivable balance amounted to EGP 100,151 thousand as at December 31, 2020 which comprises as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Clients - private sector	100,151	88,462	75,765
Notes receivables	--	34	1,701
	<b>100,151</b>	<b>88,496</b>	<b>77,466</b>

**(10/2) Sundry debtors:**

Sundry debtors balance amounted to EGP 83,258 thousand as at December 31, 2020 which comprises as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Deposits with others	548	803	808
Employees advances	223	255	345
Value added tax authority	79,404	69,904	61,436
Custom authority	3,083	945	1,346
	<b>83,258</b>	<b>71,907</b>	<b>63,935</b>





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**(10/3) Other debit accounts:**

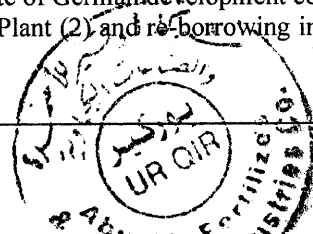
Other debit account balances amounted to EGP 390,746 thousand as at December 31, 2020, which comprise EGP 371,781 thousand, and EGP 18,965 thousand representing debtors and other debit balances respectively as follows:

**(10/3/1) Debtors:**

	<u>(Amounts in thousands)</u>
	<u>December 31, 2020</u>
Debtors- cars loans and traffic fines	4,424
Residential loans	13,671
Youth and workers housing loans	7,410
Debtors – advances	556
Bamaj Egypt and Samcrete Egypt	31,147
Cooperative housing	1,722
Bar gas company	256
Prepaid expenses	436
Water seminar debtors	165
Balances under settlement -Tax authority	24,149
Rakta Company	475
Estimated consumption of platinum	37,800
Tossun project loan	11,881
Carbon Company	29,124
Med-Gas Company	213
Methanol Project	2,937
The company's contribution to the Methanol Project	1,184
Tax authority	27,182
Funds balances	175,591
Vodafone Company	255
National Papers Co.	400
Accrual Deposits Interests	528
Abu Qir electricity station	48
Others	227
	<u>371,781</u>

- Debtors include amount of EGP 175,591 thousand related to current accounts, time deposits and treasury bills which is related to (sport and social activities , treatment fund , infrastructure projects, Environment fund, Borg El-Arab project, and Methanol project) against liabilities to these funds stated in other credit balances, knowing that the Statement of cash flow of the company includes inflows from held to maturity investments amounted EGP 139 million related to Families Treatments and Sporting Activities, Meanwhile it also includes outflows from held to maturity investments amounted EGP 159 million related to Families Treatments and Sporting Activities as well.

- **Infrastructure projects** represent infrastructure projects outside the company that are being financed by the difference between borrowing interest rate of German development construction bank that granted to Egyptian central bank for Abu Qir Plant (2) and re-borrowing interest rate of Egyptian central bank to the company.





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- **Environment fund projects** represent expenses disbursed on environmental works on the surrounding areas of the company that financed by the return of selling carbon certificates which a part of this return is spent on the environmental aspects.
- **Borg El-Arab Project:** represents the collected amount from the employees to finance the project.
- **Methanol Project:** represents the collected amount from the shareholders that available for the Methanol Project's expenditures.

**(10/3/2) Other debit balances:**

	<u>(Amounts in thousands)</u>
	<u>December 31, 2020</u>
Housing Cooperative Society	5
Custom authority	13,739
Public Authority for Social Insurance	1,576
Tax authority (Real estate tax, Withholding tax)	3,645
	<u>18,965</u>

**(10/4) Vendors debit balances:**

Vendors debit balances amounted to EGP 42,648 thousand as at December 31, 2020 which comprises advance payments and vendors – foreign sector of rejected goods as follows:

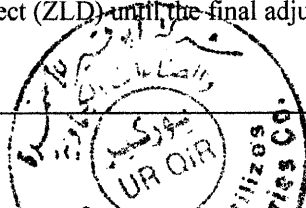
	<u>(Amounts in thousands)</u>		
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>
Vendors - public sector	484	674	172
Vendors - private sector	16,821	21,721	11,263
Vendors - Foreign sector	25,343	22,937	25,890
	<u>42,648</u>	<u>45,332</u>	<u>37,325</u>

**(11) Cash on hand and at banks:**

Cash on hand and at banks balances amounted to EGP 555,979 thousand as at December 31, 2020 which comprises as follows:

	<u>(Amounts in thousands)</u>		
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>
Time deposits (Three months)	436,029	325,174	465,913
Current accounts with return	119,680	509,996	110,022
Cash on hand	270	333	393
	<u>555,979</u>	<u>835,503</u>	<u>576,328</u>

- The short-term time deposits are due to the company's need to keep its time deposits in USD to settle its liabilities in foreign currency.
- Time deposits include an amount of EGP 19,901 thousand equivalent to USD 1,270 thousand which is reserved by the National Bank of Egypt in exchange of letters of credit.
- Current accounts include an amount of EGP 987 thousand which is reserved by the National Bank of Egypt which is related to Zero Liquid Discharge Project (ZLD) until the final adjustments.





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**(12) Shareholders' equity:**

**(12/1) Paid up capital:**

The company's authorized capital amounted EGP 3 billion, paid up and issued capital as at December 31, 2020 amounted EGP 1,892,813,580 divided into 1,261,875,720 shares of EGP 1.5 par value each shareholder's structure comprises as follows:

	<b>(Amounts in Pounds)</b>		
	<b>Ownership percentage</b>	<b>No. of Shares</b>	<b>Paid up capital</b>
National Investment Bank	24.88%	313,972,680	470,959,020
Egyptian General Petroleum Corporation	19.11%	241,153,540	361,730,310
Industrial Development Authority	12.67%	159,869,040	239,803,560
Misr Insurance Company	3.19%	40,305,635	60,458,453
Ahly Capital Holding Co.	8.11%	102,326,110	153,489,165
Investment Funds and Individuals	10.79%	136,089,633	204,134,449
Nasser Social Bank	5.90%	74,477,970	111,716,955
Holding Company for Chemical Industries	6.52%	82,305,368	123,458,052
Egypt Life Insurance Company	1.93%	24,366,384	36,549,576
Union of Shareholder Employees	4.20%	53,000,000	79,500,000
Egyptian Chemical Industries- Kima	2.70%	34,009,360	51,014,040
	<b>100 %</b>	<b>1,261,875,720</b>	<b>1,892,813,580</b>

**(12/2) Reserves:**

Reserves balance amounted to EGP 540,440 thousand as at December 31, 2020, which comprise as follows:

	<b>(Amounts in thousands)</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>
Legal reserve	530,531	395,841	395,841
Other reserves	9,909	8,824	8,824
	<b>540,440</b>	<b>404,665</b>	<b>404,665</b>

- The legal reserve has been increased by an amount of EGP 134,690 thousand which represent 5% of net profit for the year 2019/2020.
- The other reserves have been increased by an amount of EGP 1,085 thousand during the period which is derived from dividends for the year 2019/2020, this amount equal total gain on sale of fixed assets during the year ended June 30, 2020 which is transferred according to company's ordinary general assembly decision dated on September 26, 2020.
- Other reserves amounted EGP 9,909 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>
Gain on sale of fixed assets	9,876	8,791	8,791
Gain on sale of spare parts and fittings	5	5	5
Environment fund reserve	28	28	28
	<b>9,909</b>	<b>8,824</b>	<b>8,824</b>





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**(12/3) Retained earnings:**

Retained earnings amounted to EGP 2,411,346 thousand as at December 31, 2020 which comprise the following:

	<b>(Amounts in thousands)</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>
Retained earnings - beginning balance	1,807,366	964,254	964,254
Net profit for the prior year	2,694,886	3,157,133	3,157,133
Cash dividends	(1,955,132)	(2,153,581)	(2,153,581)
Transferred to legal and other reserves	(135,774)	(160,440)	(160,440)
<b>Transferred to retained earnings</b>	<b>603,980</b>	<b>843,112</b>	<b>843,112</b>
<b>Retained earnings – ending balance</b>	<b>2,411,346</b>	<b>1,807,366</b>	<b>1,807,366</b>

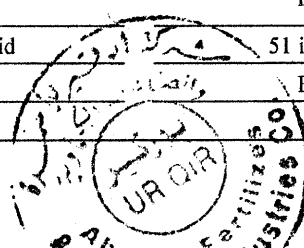
Retained earnings amounted to EGP 2,411,346 thousand as at December 31, 2020 include undistributed shareholders' share in profit for year 2019/2020 with amount of EGP 603,980 thousand, other than the transferred balance of previous years that amounted EGP 1,807,366 thousand according to the ordinary general assembly meeting held on September 26, 2020, where this balance is added to the shareholders' equity before the next year's distributions.

**(13) Loans:**

Loan balance as at December 31, 2020 amounted to EGP 3,791 thousand which comprise an amount of EGP 3,654 thousand represent foreign loan balance (equivalent to USD 232 thousand), and an amount of EGP 137 thousand which represents the domestic loan balance.

Zero Liquid Discharge Project (ZLD) with estimated cost USD 24 million has been financed by two loans from National Bank of Egypt which are represented in a foreign loan to finance 80% of Zero Liquid Discharge Project (ZLD) and a domestic loan to finance the remaining. There are no guarantees for these loans except for presenting the signature of the authorized to sign for the borrower on the loan contract. which are as follows:

<b>Description</b>	<b>First loan</b>	<b>Second loan</b>
Amount	USD 16 million including 20% grant under the shadow of Egyptian Environmental Affairs Agency (EEAA) after adding USD 8 million which has been reduced from second loan.	EGP 88 million was reduced by USD 8 million (the extra loan) which is included in first loan and the remaining around EGP 32.4 million under company's control of the exchange started in February, 2016
Withdrawal duration	Two years from signing the loan contract which ends on April 2, 2015 and was extended till June 30, 2015	Three years ending on September 1, 2016
Grace period	One year from the expiry date of the withdrawal period ending on April 2, 2016	Three years ending on September 1, 2016
Installments	Monthly installments (60 equal installment) starting the month after the expiration of withdrawal and grace period considering from May 2016	Monthly installments (60 equal installment) starting the month after the expiration of withdrawal and allowance period considering from October, 2016
Debit interest rate	2% + Libor rate -6 months	1.25% + the price of Corridor lending per year
Grant balance to date after revaluation	USD 3,340 thousand equivalent to EGP 52,645 thousand	--
Loan balance to date after revaluation	USD 232 thousand equivalent to EGP 3,654 thousand	EGP 137 thousand
Paid loan installments	56 installments were paid	51 installments were paid
Current loan installments	EGP 3,654 thousand	EGP 137 thousand





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**Balance of loans as at December 31, 2020 is represented as follows:**

Description	Balance as at 1/7/2020	Paid loan installments	Revaluation exchange rate	(Amounts in thousands)	
				Balance as at 31/12/2020	Balance as at 31/12/2019
Foreign currency loan (USD)	25,423	(21,674)	(95)	3,654	46,864
Local currency loan (EGP)	228	(91)	--	137	319
<b>Total loans</b>	<b>25,651</b>	<b>(21,765)</b>	<b>(95)</b>	<b>3,791</b>	<b>47,183</b>
<b>Current loans installments</b>	<b>25,605</b>			<b>3,791</b>	<b>43,315</b>
<b>Non-current installments</b>	<b>46</b>			<b>--</b>	<b>3,868</b>

With respect to the loan in local currency, only EGP 912 thousand were used for this loan and the rest of the loan was cancelled.

**(14) Notes payable:**

Notes payable amounted to EGP 37,226 thousand as at December 31, 2020 which is represented as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Current notes payable	17,181	17,181	17,181
Non-current notes payable	20,045	37,226	28,635
	<b>37,226</b>	<b>54,407</b>	<b>45,816</b>

**Notes payable comprise as follows:**

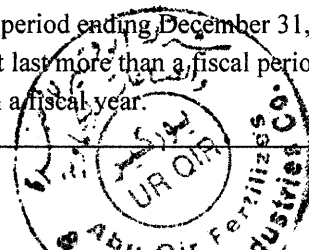
Notes payables with total amount of EGP 37,226 thousand are represented in outstanding 26 deferred crossed checks (with amount of EGP 1,432 thousand per check and last matured in February 2023) payable to Egyptian Natural Gas Company GASCO related to the settlement of fines and compensation related to excess consumption of natural gas during years 2012, 2013, and 2016.

**(15) Provisions:**

Total non-current and current provisions balance are amounted to EGP 220,301 thousand and EGP 200 thousand respectively as at December 31, 2020 which is represented as follows:

Description	Balance as at 1/7/2020	Additions	Provisions used	Provisions settled by income	Balance as at 31/12/2020
<b>First: Income tax provisions:</b>					
Corporate tax	165,023	--	--	--	165,023
Sales tax	47,341	--	--	--	47,341
Real-state tax	2,011	--	--	--	2,011
Stamp tax	426	--	--	--	426
<b>Total income tax provisions</b>	<b>214,801</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>214,801</b>
<b>Other provisions:</b>					
Lawsuit	200	--	--	--	200
Labor tax differences	5,500	--	--	--	5,500
<b>Total other provisions</b>	<b>5,700</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5,700</b>
<b>Total provisions</b>	<b>220,501</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>220,501</b>
<b>Total current provisions</b>	<b>200</b>				<b>200</b>
<b>Total non-current provisions</b>	<b>220,301</b>				<b>220,301</b>

- There are no addition or disposals of provisions during the financial period ending December 31, 2020.
- Current provisions represent labor lawsuits, which are usually do not last more than a fiscal period.
- Non-current provisions represent Tax lawsuits that do last more than a fiscal year.





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**(16) Deferred tax liabilities:**

Deferred tax liabilities balance is amounted to EGP 119,991 thousand as at December 31, 2020 which is represented as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Balance at the beginning of the year – (liability)	(119,151)	(79,338)	(79,338)
Deferred tax of the period – (expenses)	(840)	(28,020)	(39,813)
<b>Balance at the end of the year – (liability)</b>	<b>(119,991)</b>	<b>(107,358)</b>	<b>(119,151)</b>

**(17) Trade payables and other credit accounts:**

Trade payables and other credit accounts amounted to EGP 1,530,348 thousand (excluding tax authority account) as at December 31, 2020 which comprise as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Trade payables	487,354	492,670	483,901
Sundry creditors	39,750	35,430	27,551
Distribution creditors	1,537	1,617	1,481
Other credit accounts	768,787	731,412	757,665
Clients - credit balances	232,920	187,288	199,350
	<b>1,530,348</b>	<b>1,448,417</b>	<b>1,469,948</b>

**(17/1) Trade payables:**

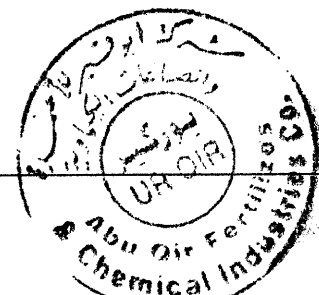
Trade payables balance amounted to EGP 487,354 thousand as at December 31, 2020, which comprises as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Vendors - public sector	14,918	16,846	14,243
Vendors - private sector	457,028	459,675	455,015
Vendors - foreign sector	15,408	16,149	14,643
	<b>487,354</b>	<b>492,670</b>	<b>483,901</b>

**(17/2) Sundry creditors:**

Sundry creditors balance amounted to EGP 39,750 thousand as at December 31, 2020, which comprises as follows:

	(Amounts in thousands)		
	December 31, 2020	December 31, 2019	June 30, 2020
Insurances for others	18,198	20,228	20,698
Tax authority (Value Added Tax)	19,215	15,202	--
Public Authority for Social Insurance	--	--	6,571
Customs authority	2,337	--	282
	<b>39,750</b>	<b>35,430</b>	<b>27,551</b>







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**(17/3) Distribution creditors:**

Distribution creditor's balance amounted to EGP 1,537 thousand as at December 31, 2020, which comprises as follows:

	<b>(Amounts in thousands)</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>
Shareholders' profit share	1,290	1,290	1,290
Employees' profit share	247	327	191
	<b>1,537</b>	<b>1,617</b>	<b>1,481</b>

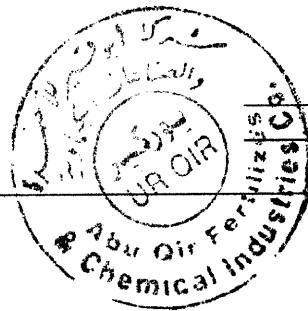
Shareholders' profit share balance as of December 31, 2020, amounted to EGP 1,290 thousand which will be transferred to the Tax Authority following article 147 of law no. 91 of 2005.

**(17/4) Other credit accounts:**

Other credit accounts amounted to EGP 768,787 thousand as at December 31, 2020 which comprise EGP 763,384 thousand representing creditors, and EGP 5,403 thousand representing other credit balances respectively as follows:

**(17/4/1) Creditors:**

	<b>(Amounts in thousands)</b>	
<b>Description</b>	<b>December 31, 2020</b>	
Private insurance fund		1,106
Supplementary pension fund		184
Cost of constructing company's buildings		24,601
Family treatment fund against treasury bills and current account		93,086
Housing Loan Fund		5,792
Sports Professions Syndicate		135
Social services fund subscription		425
Reserved amounts to finance pensions fund		6,005
Proceeds from Employees profits (Toson Land)		483
Syndicate of agriculture – fee		7,661
Trade union committee fund		1,119
Carbon Co. and environment fund deposits		4,641
Comprehensive health Insurance		11,097
Estimated unearned returns for treasury bills related to funds		2,733
Medgas		178
Reserved amounts for employees' funds		5,060
Death cases fund		333
Transportation companies VAT		3,891
Credit balance for employees (tax reconciliations)		35,606
Bonus for external missions		312
Methanol Project		3,530
Gas reconciliation differences		18,556
Sales tax related to conflict of Letters of credit for Abu Qir (3)		53,485
Training and rehabilitation fund		224,685
Wages and trusts due		54,014
Work dropouts' dues (out of work employees)		1,800
Reserved amounts to finance residential city's additions		1,656
<b>Carried forward</b>		<b>562,174</b>





**Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)**

**Notes to the financial statement as at December 31, 2020**

*Translation notes of the financial statements  
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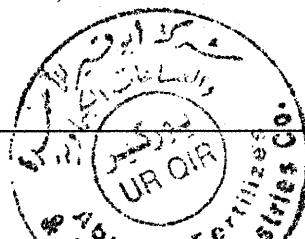
**(Amounts expressed in thousand Egyptian Pounds)**

<u>Description</u>	<u>(Amounts in thousands)</u>
	<u>December 31, 2020</u>
<b>Brought forward</b>	<b>562,174</b>
Bamaj company - fine	24,895
Fees under settlement	1,434
Contributions to confront covid-19	405
Accounts under settlement	8,217
Returned fines	63
Alexandria Fertilizers Company – rent	5,368
Applied stamp	316
Accrued donations	3,924
Club and sport activities against treasury bills and current accounts	103,385
Infrastructure fund against deposits and current accounts	3,597
Deposits under settlements	3,422
Collections for road maintenance	3,034
Auto loan fund	6,656
General Authority for Financial Supervision- Development fee	102
Collections for guarding railway crossing	354
Purchase of assets – creditors	34,806
Checks not submitted for disbursement	726
Helwan Company	152
Bargas Company	120
Lord Company	106
Others	128
	<b>763,384</b>

**Creditor's accounts include:**

- EGP 224,685 thousand represents liability to Rehabilitation and Training Fund in the Directorate of Manpower and Immigration, a lawsuit no. 7234/2007 (holistic civil) was raised in front of Northern Cairo Elementary court, the case has been suspended on May 31, 2012 until the determination of case No. 46 of year 28, it's still considered in front of the judiciary till financial statements date.
- EGP 103,385 thousand represents liability to sport activity and club against their treasury bills and current account at banks at financial statements date.
- EGP 3,597 thousand represents liability to infrastructure fund against its time deposits and current account at banks at financial statements date.
- EGP 4,641 thousand represents liability to environment fund against its time deposits and current account at banks at financial statements date.
- EGP 93,086 thousand represents liability to treatment fund against its treasury bills and current account at banks at financial statements date.

Total collected revenues from Carbon company in favor of environment fund till December 31, 2020 are amounted to EGP 18,345 thousand concerning the period from October 1, 2006 till June 30, 2014, in addition to the return of investing these amounts amounted to EGP 4,285 thousand and Total expenditures of these revenues related to environmental aspects are amounted to EGP 17,989 thousand which are represented as follows:





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Description	(Amounts in thousands)
	December 31, 2020
Environmental monitoring stations and devices.	2,798
Bank expenses	7
Constructing Rakta canal's bridge and its purification	670
Garbage disposal	860
Medical clinic (9)	144
Rehabilitations of Ali Maher road	2,175
Schools rehabilitation and restoration project	569
Planting the surrounding roads	250
Occasions hall development in employees' compound city	244
Purchasing insecticide spraying motors and combating reed	300
Zero Liquid Discharge equipment-Al'amia	200
Developing environmental projects in Alexandria	226
Zero Liquid Discharge project in Edfina	46
Purchasing charcoal oven	115
Medical caravans	894
Tools and machines	1,230
Fire engines, ambulances and medical equipment	3,261
Waste recycle plant	4,000
	<u>17,989</u>

- Certificates for the period from January 1, 2013 till September 18, 2015, have been offered to be sold by Carbon Company till there is a price in market that covers its cost.
- Certificates for the period from January 11, 2019, till December 31, 2020, have been delivered a part of them to The World Bank during November 2020, and the company's share has been raised in the certificates' revenue during the financial statement period with an amount of EGP 20,908 thousand which is equivalent to USD 1.34 million.

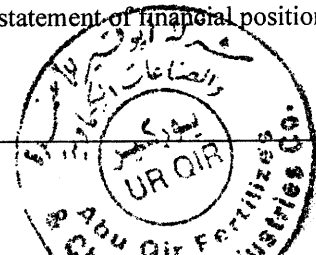
**(17/4/2) Other credit balances:**

	(Amounts in thousands)
	December 31, 2020
Borg El-Arab project	5,233
Etisalat installments debtors	99
Others	71
	<u>5,403</u>

**(17/4/3) Grants to finance environmental projects:**

**Grant of Zero Liquid Discharge project:**

The grant is to finance the Zero Liquid Discharge project (Z.L.D), grant balance as at December 31, 2020 amounts to EGP 52,645 thousand (equivalent to USD 3.34 million) representing 20% of the total financing amount received for that project, the value of the grant has been re-evaluated on December 31, 2020, noting that grant balance is classified as non-current financing sources in the statement of financial position.





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**(17/5) Client's credit balances:**

The clients' credit balances (down payments) as at December 31, 2020 are amounted to EGP 232,920 thousand which comprise as follows:

	<b>(Amounts in thousands)</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>
Clients - public sector	3,262	1,248	4,824
Clients - private sector	21,745	5,902	44,454
Clients - foreign sector	207,913	180,138	150,072
	<b>232,920</b>	<b>187,288</b>	<b>199,350</b>

**(17/6) Tax authority:**

Tax authority's credit balance as at December 31, 2020 amounted to EGP 318,498 thousand which comprise as follow:

	<b>(Amounts in thousands)</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>
Tax authority – Payroll tax	8,045	14,427	22,983
Withholding tax, stamp, and real state tax	2,044	2,802	2,418
Tax authority – Corporate tax	308,409	379,934	551,423
	<b>318,498</b>	<b>397,163</b>	<b>576,824</b>

**(18) Legal and tax position as at December 31, 2020:**

**(18/1) Tax position:**

**Corporate Tax:**

1. For the years 1989/1992 the tax disputes are in front of Administrative judiciary.
2. For the year 2001/2002 the tax disputes are in front of the Administrative judiciary.
3. For the year 2005/2006 the tax disputes are in front of Administrative Judiciary.
4. For the years 2006/2008 the tax disputes are in front of Administrative Judiciary.
5. For the year 2014/2015 company's accounts were inspected by tax authority.
6. For the years 2015/2018 the dispute of tax inspection is in progress.

The "9A form - reservation " which was received from the Tax Authority was verified in the company's records with the company's right to object in the legal times by letters and legal procedures concerning this matter, and this to reserve all the company's rights till the settlement.

**Payroll tax:**

1. For year of 2005 the dispute is in front of Administrative Judiciary.
2. Company's accounts were inspected by Tax Authority till year 2015/2016.

**Sales Tax:**

1. For years from January 1994 till June 2003 the tax disputes are in front of Administrative Judiciary.
2. For period from July 2005 till December 2009, tax disputes are in front of Administrative Judiciary.
3. Company's accounts were inspected by tax authority till 2015/2016.

- In light of the issuance of Law No. 9 of 2005 which related to deduction of sales tax on capital goods, an amount of EGP 53.5 million was reserved in sub account and this amount is related to sales tax on machines of Abu Qir plant (3) only, and offset by the same value of (creditors balances in the statement of financial position) until final settlement with the tax authority.

**Value added tax:**

The company is obligated to implement Law No. 67 of 2016 regarding value added tax.





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### Stamp tax:

1. For period from January 2001 till July 2004, tax dispute is in front of Administrative Judiciary.
2. Company's accounts were inspected by tax authority till 2018.

### Real state tax:

Annual tax assessment was made in accordance with law of real state tax promulgated by Law No. 196 of 2008 and amended by Law No. 117 of 2014.

A claim was received to increase in the annual assessment of the company's real estates, and it is currently being discussed with the Real Estate Tax Department in Alexandria.

### (18/2) Legal position:

The company raised some lawsuits against others represent labor lawsuits, in other hand there are some Lawsuits against the company, lawsuit provision is created according to company's Legal Affairs Sector point of view.

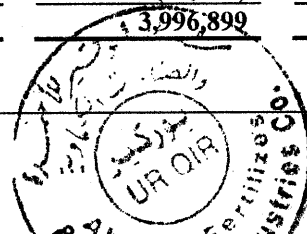
Name	Lawsuits subject	Company's requests in lawsuits	Provision according to Legal Affairs sector opinion (EGP)	Notes
Ahmed Nasr Wahba	Post-work dropout benefits	Reject the case	200,000	The appellate was rejected on November 11, 2020. And currently appealing in the Court of review
<b>Total</b>			<b>200,000</b>	

Within cases raised by others against the company claim No. 2694 of 2015 raised by Petro Trade Company concerning gas prices differences from January 1, 2012 till December 1, 2012 as well as penalties for delaying payments of gas prices differences from January 1, 2012 till August 31, 2014 and postponed till February 16, 2021. In this regard, the company's legal view is that fines for delaying payment of gas prices differences from January 1, 2012 and the legal benefits related to them should not be recognized because they revolve with the original debt and that the conclusion of the reconciliation and settlement agreement on August 31, 2014 is independent of the gas supply contract as it is a private contract and private restricts the general and was edited to settle the differences between Abu Qir Fertilizers and petrol companies (EGAS - Gasco - Petro Trade) the creation of the provision will be considered when returned to the court and decide on the defense of the company regarding the unconstitutionality of approvals and decisions to increase the price of natural gas retroactively, in this regard, the decision of the Board of Directors, No. (46) on April 21, 2015 is unanimously approved not to create provision pending to the end of the judgment of the Court.

### (19) Statement of Income:

(19/1) Sales for the six-months period ended December 31, 2020 is amounted to EGP 4,035,213 thousand which comprise the following:

	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Sales revenues	4,013,988	3,976,603	7,842,576
Sold services (included sale of casual products)	32,754	28,844	54,568
Operation for other revenues	47	1,248	3,852
Sold wastes	915	1,367	2,033
<b>Deduct:</b> Sale of casual products	(12,491)	(11,163)	(21,294)
	<b>4,035,213</b>	<b>3,996,899</b>	<b>7,881,735</b>





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**(19/2) Cost of goods sold:** for the six-months period ended December 31, 2020 is amounted to EGP 2,441,045 thousand which comprise the following:

	(Amounts in thousands)		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Raw materials and supplies	2,056,434	2,151,135	4,240,158
Salaries, wages and benefits	216,152	215,432	552,765
Operating fixed assets depreciation	50,934	39,496	79,796
Other manufacturing expenses	54,952	66,312	129,454
Re-evaluation of finished goods	40,873	4,732	(6,088)
Re-evaluation of un-finished goods	34,191	25,053	22,603
<b>Deduct:</b>			
Sale of casual products	(12,491)	(11,163)	(21,294)
	<b>2,441,045</b>	<b>2,490,997</b>	<b>4,997,394</b>

**(19/3) Credit interest** for the six-months period ended December 31, 2020 is amounted to EGP 18,968 thousand which comprise the following:

	(Amounts in thousands)		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Realized interest	18,440	32,763	54,792
Unrealized interest	528	406	499
	<b>18,968</b>	<b>33,169</b>	<b>55,291</b>

**(19/4) Return on held to maturity investments** for the six-months period ended December 31, 2020 is amounted to EGP 333,953 thousand which comprise as credit interests and returns on treasury bills:

**(19/4/1) the Suez Canal certificates** was withdrawn in September 2019, and their returns are as follows:

	(Amounts in thousands)		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Realized return	--	7,564	7,564
Unrealized return	--	--	--
	--	<b>7,564</b>	<b>7,564</b>

**(19/4/2) Return on treasury bills** for the six-months period ended December 31, 2020 is amounted to EGP 333,953 thousand which comprise the following:

	(Amounts in thousands)		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Realized interest	203,148	305,158	525,832
Unrealized interest	130,805	106,092	200,525
	<b>333,953</b>	<b>411,250</b>	<b>726,357</b>





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**(19/5) Other revenues** for the six-months period ended December 31, 2020 is amounted to EGP 48,082 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	<b>Six-months period ended December 31, 2020</b>	<b>Six-months period ended December 31, 2019</b>	<b>The year ended June 30, 2020</b>
Rent revenues	5,836	6,027	12,015
Compensation revenues	290	96,931	97,857
Sundry revenues	41,956	18,401	28,210
	<b>48,082</b>	<b>121,359</b>	<b>138,082</b>

**(19/5/1): Rent revenues** for the six-months period ended December 31, 2020 is amounted to EGP 5,836 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	<b>Six-months period ended December 31, 2020</b>	<b>Six-months period ended December 31, 2019</b>	<b>The year ended June 30, 2020</b>
Land Leased to Alexandria Fertilizers Co.	4,972	5,186	10,340
Water Pump Sub-Station, land, tanks, and cafeteria	453	473	922
Land Leased to Air Liquid Co., Medical Gases Co. and Med Gas Co.	411	368	753
	<b>5,836</b>	<b>6,027</b>	<b>12,015</b>

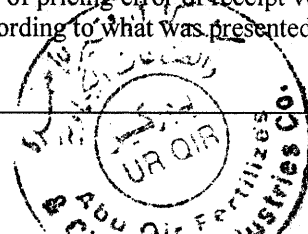
**(19/5/2) Compensation and penalties revenues** for the six-months period ended December 31, 2020 is amounted to EGP 290 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	<b>Six-months period ended December 31, 2020</b>	<b>Six-months period ended December 31, 2019</b>	<b>The year ended June 30, 2020</b>
Vendors, and shipping companies	288	814	1,721
Misr insurance	--	96,010	96,029
Other compensation revenues	2	107	107
	<b>290</b>	<b>96,931</b>	<b>97,857</b>

**(19/5/3) Sundry revenues** for the six-months period ended December 31, 2020 is amounted to EGP 41,956 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	<b>Six-months period ended December 31, 2020</b>	<b>Six-months period ended December 31, 2019</b>	<b>The year ended June 30, 2020</b>
Carbon	20,908	17,971	17,971
Sundry revenues (Gain on sale of scrap, raw materials, supplies and others)	21,048	430	10,239
	<b>41,956</b>	<b>18,401</b>	<b>28,210</b>

Sundry revenues include EGP 19,969 thousand related to the settlement of pricing error of receipt voucher No. (4626) dated on June 23, 2020. For 28.57 tons of formaldehyde, according to what was presented in the ordinary assembly meeting held on September 26, 2020.





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**(19/5/4) Capital gain** for the six-months period ended December 31, 2020 is amounted to EGP 970 thousand represented in selling scrap iron.

**(19/6) Foreign currency exchange differences losses** for the six-months period ended December 31, 2020 is amounted to EGP 1,768 thousand against currency differences losses amounted to EGP 2,929 thousand during the same period of the previous year and are as follows:

	<b>(Amounts in thousands)</b>		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
<b>Currency exchange differences</b>			
Banks	(2,456)	(12,526)	(1,141)
Other monetary assets and liabilities	4,224	9,597	11,762
<b>Net charged to statement of income</b>	<b>1,768</b>	<b>(2,929)</b>	<b>10,621</b>

**(19/7) Selling and distribution expenses** for the six-months period December 31, 2020 is amounted to EGP 182,261 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Salaries and wages	58,220	52,669	139,054
Packing materials	48,872	38,595	101,495
Fixed assets depreciation	2,353	3,157	7,882
Other selling expenses	72,816	75,516	147,999
	<b>182,261</b>	<b>169,937</b>	<b>396,430</b>

**(19/8) Administration and general expenses** for the six-months period ended December 31, 2020 is amounted to EGP 65,722 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Salaries, wages and benefits	29,072	27,547	68,506
Fixed assets depreciation	2,329	1,705	3,488
Other administrative and general expenses	34,321	45,952	81,319
	<b>65,722</b>	<b>75,204</b>	<b>153,313</b>

**(19/9) Financing expenses** for the six-months period ended December 31, 2020 is amounted to EGP 1,041 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Financing Expense - Loan	218	--	--
Financing Expense - Grant	823	--	--
	<b>1,041</b>	<b>--</b>	<b>--</b>







## Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

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(19/10) **Income tax** for the six-months period ended December 31, 2020 is amounted to EGP 256,408 thousand which comprise the following:

	<b>(Amounts in thousands)</b>		
	<b>Six-months period ended December 31, 2020</b>	<b>Six-months period ended December 31, 2019</b>	<b>The year ended June 30, 2020</b>
Income tax	308,409	291,534	524,829
Deferred tax	840	28,020	39,813
Treasury bills tax	66,791	72,258	150,140
Tax settlements	(119,632)	(986)	(986)
	<b>256,408</b>	<b>390,826</b>	<b>713,796</b>

- The tax due represents the tax payable less the previous deducted from third parties (treasury bills, distribution tax, withholding tax, ...) based on certificates supported by others.
- Income tax includes EGP 119,632 thousand related to the settlement of tax authority account according to "9A form – reservation" which received in August 2020, in addition to tax return settlements for the year 2019/2020.

(19/11) - The company contributes to the supplementary pension fund, private insurance and service fund within miscellaneous service expenses to achieve loyalty to the company and to overcome the problems of employment work dropout outside the company. The company also contributes to finance employee's treatment fund and their families and pensioners (by the proceeds from road maintenance, transportations companies and 4% from transportation invoices starting from the year 2019/2020 and time deposit return of EGP 6 million for social services and housing for employees in light of previous laws in accordance with the Board of Directors Decision No. 94 on November 27, 2008).

- The company records the contribution of employees from their share in annual profits to finance their funds within the credit balances, any disbursement that occurs during the period is under the supervision and control of the company.

### **(20) Contingent liabilities:**

- On March 19, 2015, the Company received a claim from Petrotrade - Petroleum Trading Service Co. for delayed interests owed by the company till the date of the claim with an amount of EGP 37.9 million on the amounts paid after the grace period (from January 1, 2014, till December 31, 2014) which amounted to EGP 187.7 million.
- On April 5, 2015, and April 8, 2015, Abu Qir responded to both Petrotrade - Petroleum Trading Service Co. and the Egyptian Natural Gas Holding Company (EGAS) by stating that the claim of Petrotrade - Petroleum Trading Service Co. is completely free of truth and reality, and the agreement of reconciliation and settlement of August 31, 2014, between Abu Qir Fertilizers and GASCO company that was signed by the companies (EGAS) and Petrotrade, It was clarified in the response that the benefit of the delay they claimed is not valid because it is subject to lawsuit No. 3988 for 2013 (civil North Cairo primary) in accordance with the reconciliation agreement and settlement which dated August 31, 2014, pending the court's judgment.
- The matter was submitted to the company's board of directors on April 21, 2015, and council decision no. 46 was unanimously approved that no provision will be made in this regard pending the court's judgment.
- The outstanding letters of guarantee issued by banks on behalf of the company and in favor of others as at December 31, 2020, have amounted to EGP 344 million which are covered by treasury bills that amounted to EGP 387 million.





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**(21) Operating segments:**

The operating segment is one of the entity's elements that participate in the business in which the entity can earn revenues and incur expenses. The results of the operating segments are regularly reviewed by the chief executive officer of the company's operating decision-making to make decisions about the resources to be allocated to the segment and assess its performance. Separate financial information on these operating segments is available, and not necessarily every part of the entity is an operating segment or part of an operating segment.

**Operating sectors:**

Company's operating sectors comprise as follows:

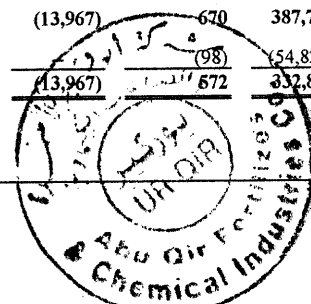
- Abu Qir Plant (1)
- Abu Qir Plant (2)
- Abu Qir Plant (3)
- Others
- Liquid Fertilizers Plant
- Ammonia and nitric acid
- Plastic Bags Plant

**First: Operating sectors - assets and liabilities:**

<u>Description</u>	<u>(Amounts in thousands)</u>						
	<u>Abu Qir Plant (1)</u>	<u>Abu Qir Plant (2)</u>	<u>Abu Qir Plant (3)</u>	<u>Liquid fertilizer</u>	<u>Plastic Bags Plant</u>	<u>Others</u>	<u>Total</u>
Sectors' assets	825,480	201,136	184,922	8,032	102,020	--	1,321,590
Unassigned assets	--	--	--	--	--	7,297,500	7,297,500
<b>Total assets</b>	<b>825,480</b>	<b>201,136</b>	<b>184,922</b>	<b>8,032</b>	<b>102,020</b>	<b>7,297,500</b>	<b>8,619,090</b>
Sectors' liabilities	--	--	--	--	--	2,283,000	2,283,000
<b>Total liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,283,000</b>	<b>2,283,000</b>

**Second: Operating sectors - Net profit:**

<u>Description</u>	<u>(Amounts in thousands)</u>							
	<u>Abu Qir Plant (1)</u>	<u>Abu Qir Plant (2)</u>	<u>Abu Qir Plant (3)</u>	<u>Liquid fertilizer</u>	<u>Ammonia</u>	<u>Plastic bags Plant</u>	<u>Others</u>	<u>Total</u>
Sales	1,220,809	1,253,548	1,334,211	30,191	188,710	7,744	--	4,035,213
Costs of goods sold	(724,125)	(695,715)	(803,602)	(12,554)	(197,975)	(7,074)	--	(2,441,045)
<b>Gross profit</b>	<b>496,684</b>	<b>557,833</b>	<b>530,609</b>	<b>17,637</b>	<b>(9,265)</b>	<b>670</b>	<b>--</b>	<b>1,594,168</b>
Credit interests and Revenues from held to maturity investments	--	--	--	--	--	--	352,920	352,920
Other revenues	--	--	--	--	--	--	48,082	48,082
Gain on sale of fixed assets	--	--	--	--	--	--	970	970
Foreign currencies differences (Gain)	--	--	--	--	--	--	1,768	1,768
Selling and distribution expenses	(56,000)	(59,639)	(59,229)	(2,691)	(4,702)	--	--	(182,261)
Administrative and general expenses	(15,277)	(19,853)	(16,057)	(543)	--	--	(13,992)	(65,722)
B.O.D's expenses	--	--	--	--	--	--	(984)	(984)
Financing expenses	--	--	--	--	--	--	(1,041)	(1,041)
<b>Net profit before tax</b>	<b>425,407</b>	<b>478,341</b>	<b>455,323</b>	<b>14,403</b>	<b>(13,967)</b>	<b>670</b>	<b>387,723</b>	<b>1,747,900</b>
Income tax for the year	(62,405)	(70,170)	(66,794)	(2,113)	--	(98)	(54,828)	(256,408)
<b>Net profit for the year</b>	<b>363,002</b>	<b>408,171</b>	<b>388,529</b>	<b>12,290</b>	<b>(13,967)</b>	<b>572</b>	<b>332,895</b>	<b>1,491,492</b>





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(Amounts expressed in thousand Egyptian Pounds)

- The unassigned sectors' assets in the first report represent in investments available for sale and current assets.
- The unassigned sectors' liabilities in the first report represent in current and non-current liabilities.
- The other revenues in the second report represent in investment revenues, credit interests, return of held to maturity investments (treasury bills and Suez Canal certificates), capital gain and other revenues.

**(22) Related parties:**

Related parties' transactions are conducted on the same basis as applied to external parties according to the terms granted by the boards of directors, the most important transactions are represented as follows:

(Amounts in thousands)					
Description	Sharing percentage	Relationship	Transactions	Balance as at 31/12/2020	Balance nature
National Bank of Egypt (represented by El-Ahly Capital Holding Co.)	8.11%	Shareholder	Local and foreign current accounts, time deposits and treasury bills (Debit balance)	402,966	Included in cash and held to maturity investments balances
Misr Insurance Co.	3.19%	Shareholder	Insurance coverage (insurance's volume)  Compensations	18,205  55	Included in other expenses  Included in other revenues
Egyptian Natural Gas Co. GASCO – Petro trade (Subsidiary to Egyptian General Petroleum Corporation)	19.11%	Vendor Subsidiary to shareholder	Gas supply (consumption's volume)  Notes payable  Credit balances (legal suit) Credit balances (gas consumption)	2,128,346  37,226  279,913  158,952	Included in raw materials cost  Included in current and noncurrent liabilities Included in other creditors Included in other creditors
Alexandria Fertilizers Co.	15%	Invested in	Services and other transactions (transaction's volume) Credit balances (rents) Selling packing materials Debit balances (clients) Debit balances	10,467  9,613  5,375  755  57	Included in sold services revenues  Included in other creditors Included in sales revenues Included in other debtors Included in other debtors
Helwan Fertilizers Co.	17%	Invested in	Selling packing material  Debit balances (clients)	5,931  666	Included in sales revenues  Included in trade receivables





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### (23) Important Contract with related parties:

An insurance coverage contract with Misr Insurance Company on the company's factories (engineering - fire and explosion - loss of revenue .... etc.) with an annual value amounted to EGP36 million.

A contract for supplying natural gas to the company's factories with the Egyptian Natural Gas Company - GASCO, one of the companies affiliated to the Egyptian General Petroleum Corporation, which is supplied to the company's factories for \$ 4.5 per million thermal units.

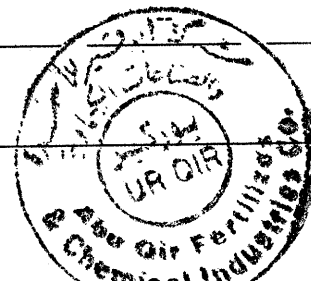
Lease contracts with the Alexandria Fertilizers Company that include the land on which the factory is located, a vacant lot, a land on which a water pumping station is built, and a residential building (the company's administrative headquarters). And an ammonia shipment contract to use the onshore and offshore facilities for our company to export quantities of ammonia produced by Alexandria Fertilizers Company.

### (24) Comparative figures:

Financial statements for the six-months period ended December 31, 2020 represent the second quarter of financial year (2020/2021) and was compared with the financial statements of comparative period (the six-months period ended December 31, 2019) and the financial statements for the year ended June 30, 2020.

The separation of cash at banks and investment balances that related to employees' funds and other projects within the debit balances, and the changing in accounting treatment for plastic bags inventory resulted in amendments in the comparative figures in cash balances, investment balances, debtors, the inventory of packing materials, cost of production, and selling and distribution expenses, Accordingly, the comparative figures in statements of financial position, income and cash flows were amended as follows:

Description	<u>(Amounts in thousands)</u>				Statement
	December 31, 2019		June 30, 2020		
	Before amendment	After amendment	Before amendment	After amendment	
Packing material inventory	329	20,045	438	9,571	Statement of financial position
Work in process inventory	74,016	54,070	65,842	56,520	
Finished Goods inventory	128,655	128,885	139,516	139,705	
Trade receivables and debit accounts	392,709	573,259	295,896	441,790	
Held to maturity investments	3,908,920	3,739,109	5,481,723	5,347,397	
Cash on hand and at banks	846,242	835,503	587,896	576,328	
Cost of goods sold	2,498,664	2,490,997	--	--	Statement of income
Gross profit	1,498,235	1,505,902	--	--	
Selling and distribution expenses	162,270	169,937	--	--	
Credit interests	492,523	33,866	--	--	Statement of cash flows
Other proceeds	144,945	206,761	--	--	
Other payments	143,173	141,154	--	--	
Returns on held to maturity investments	--	448,970	--	--	
Proceeds from returns on Suez Canal certificates	--	9,687	--	--	
Cash and cash equivalents, beginning of the period	403,129	328,752	--	--	
Cash and cash equivalents, end of the period	846,242	835,503	--	--	





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**(24) Earnings per share:**

	<b>(Amounts in pounds)</b>		
	Six-months period ended December 31, 2020	Six-months period ended December 31, 2019	The year ended June 30, 2020
Net profit for the period / year	1,491,491,427	1,439,800,568	2,694,886,008
<b>Deduct:</b>			
Share of social and sports activity	21,836,623	22,878,895	42,594,964
Share of training and rehabilitation fund	14,905,219	14,394,857	26,938,015
Employees profit share	191,239,157	184,374,650	344,828,185
Board of directors' share	13,260,000	13,260,000	26,520,000
<b>Basic earnings attributable to shareholders</b>	<b>1,250,250,428</b>	<b>1,204,892,166</b>	<b>2,254,004,844</b>
No. of shares	1,261,875,720	1,261,875,720	1,261,875,720
<b>Earnings per share</b>	<b>0.99</b>	<b>0.95</b>	<b>1.79</b>

**(25) Emergency conditions and subsequent events (Corona virus Pandemic – COVID -19):**

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Covid-19) resulted in necessary measures that have taken to prevent the spread of the epidemic such applying restriction on the full existence of human resources in the main premises and economic and financial impacts which probably have a future effect on the value of the assets and liabilities that will be measured later, **which comprise as follows:**

- The decrease of average export prices in the foreign market, and its impact on export sales.
- The decrease of free sale prices in the local market as a result of the decrease in global prices.
- The decrease of banks interest rate by 3.5%, and its impact on the return on cash investments.
- The extra burden which the company suffers resulting from what was spent on the cleaning, disinfection, and medical equipment to prevent the epidemic spread.
- The company's management is currently evaluating the impact related to the epidemic and taking all precautionary procedures to maintain operational and marketing activities and protect employees, suppliers, and customers in light of the available information .These events may affect the future financial statements and at the current time it is hard to specify the amount of impact, as the size of impact differs according to the expected extend and the period of ending these events and its impact.

